



BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Northern States Power Company, a Wisconsin
Corporation and Wholly-Owned Subsidiary of Xcel Energy Inc., for
Authority to Adjust Electric and Gas Rates

4220-UR-115

FINAL DECISION

This is the Final Decision in the application of Northern States Power Company-Wisconsin, d/b/a Xcel Energy (NSPW or applicant), for approval to increase retail electric and natural gas rates in 2008.

Final overall rate changes are authorized consisting of a \$39,376,000 annual rate increase for Wisconsin retail electric operations, an 8.1 percent increase, and a \$5,262,000 annual rate increase for natural gas operations, a 3.3 percent increase, for the test year ending December 31, 2008, based on a 10.75 percent return on common equity. These rate increases are to be applied to the base rates established in the Commission's Final Decision in docket 4220-UR-114, dated January 5, 2006, as amended December 22, 2006.

Introduction

On June 1, 2007, NSPW filed a request pursuant to Wis. Stat. §§ 196.02, 196.03, 196.20, and 196.37 for authority to increase its Wisconsin retail electric rates by \$67,400,000, a 14.3 percent increase, and to increase its Wisconsin retail natural gas rates by \$5,300,000, a 3.3 percent increase, to be effective January 1, 2008. These proposed increases are based on an 11.0 percent return on common equity.

On July 30, 2007, a prehearing conference was held to determine the issues to be addressed in this docket and to establish a schedule for the hearing.

On August 13, 2007, NSPW prefiled supplementary testimony providing updated information on items that were uncertain at the time direct testimony was filed as well as other changes. Those items included the following: (1) increasing nuclear power production costs from Nuclear Management Company (NMC) that are billed to the applicant via the Interchange Agreement; (2) adjusting deferred Midwest Independent Transmission System Operator (MISO) Day 2 costs based on the outcome of the Commission decision in docket 5-EI-139; (3) updating deferred tax credits related to the Jobs Creation Act – Manufacturing Tax Benefit; (4) truing-up the refund of over-collected fuel costs in 2006; (5) increasing 2008 test year nuclear fuel costs which have increased significantly since the fuel forecast was developed in early 2007; and (6) reflecting that 2007 fuel costs through July are outside the currently authorized fuel monitoring range.

On August 20, 2007, NSPW filed for a fuel-related surcharge in docket 4220-FR-101. On September 17, 2007, a hearing to consider the need and the amount of an interim surcharge was held in Madison. On October 11, 2007, the Commission issued an Interim Decision and Order authorizing NSPW to collect an estimated \$5,873,220 on an annual basis. All electric revenue resulting from this interim increase is subject to refund with interest at NSPW's current authorized rate of return on common stock equity of 11.0 percent.

On November 8, 2007, a technical hearing for the current rate case application was held in Madison. On November 12, 2007, public hearings were held in Madison, Eau Claire, and La Crosse.

The Commission considered this matter at its open meeting on December 14, 2007.

The parties, for purposes of review under Wis. Stat. §§ 227.47 and 227.53, are listed in Appendix A. Others who appeared are listed in the Commission's files.

Findings of Fact

1. Presently authorized rates for NSPW's electric utility operations will produce operating revenues of \$483,982,000 for the test year ending December 31, 2008, which results in an adjusted net operating income of \$23,580,000 and an annual revenue deficiency of \$39,376,000. Presently authorized rates for NSPW's natural gas utility operations will produce operating revenues of \$160,042,000 for the test year ending December 31, 2008, which results in an adjusted net operating income of \$4,442,000 and an annual revenue deficiency of \$5,262,000. Presently authorized electric and natural gas rates of NSPW are unreasonable because they produce inadequate electric and natural gas revenues.

2. For the electric utility operations, the estimated rate of return on average net investment rate base of \$552,078,000 at current rates subject to the Commission's jurisdiction for the test year is 5.4 percent, which is inadequate.

3. For the natural gas utility operations, the estimated rate of return on average net investment rate base of \$78,524,000 at current rates subject to the Commission's jurisdiction for the test year is 5.66 percent, which is inadequate.

4. A reasonable increase in operating revenue for the test year to produce a 9.67 percent return on NSPW's average net investment rate base for electric operations is \$39,376,000.

5. A reasonable increase in operating revenue for the test year to produce a 9.67 percent return on NSPW's average net investment rate base for natural gas operations is \$5,262,000.

6. NSPW's filed operating income statements and net investment rate base for the test year, as adjusted for Commission decisions, are reasonable.

7. A 2008 total company test year fuel cost of \$1,358,419,000 is reasonable.

8. A 2008 total company test year level of monitored fuel costs of \$1,189,408,000 is reasonable.

9. It is reasonable to calculate the total fuel cost based on indices as of November 15, 2007, as estimated costs.

10. It is reasonable to allow NSPW to recover its deferred MISO Day 2 costs by amortizing these costs over a two-year period, beginning January 1, 2008.

11. It is reasonable to accept NSPW's test year estimated Equivalent Forced Outage rates (EFORs) for the Bayfront and French Island Plants.

12. It is reasonable to accept NSPW's test year estimated EFOR of 15.6 percent for the A. S. King Plant.

13. It is reasonable to reflect \$986,000 of test year fuel cost savings, on a Wisconsin retail basis, due to the MISO implementation of its Ancillary Services Market (ASM).

14. It is reasonable to reflect \$1,503,000 of test year MISO Revenue Sufficiency Guarantee (RSG) and Revenue Neutrality Uplift (RNU) net revenues, on a Wisconsin retail basis.

15. It is reasonable to accept all other Commission staff proposed fuel cost adjustments.

16. It is reasonable to exclude \$1,240,000 of Account 921, Miscellaneous Office Expense, from the test year retail revenue requirement. It is reasonable to direct NSPW to file forecasted and actual data on a consistent basis in future rate case filings or provide a reconciliation between the two methods.

17. It is reasonable to require NSPW to cooperate with a Commission staff audit of the Interchange Agreement.

18. It is not reasonable to update the Interchange demand allocators at this time. It is reasonable to review the Interchange demand allocators in connection with the audit of the Interchange Agreement.

19. It is reasonable to allow the deferred nuclear decommissioning expense amortized over two years or \$2.9 million annually. It is reasonable to also allow \$8.7 million in nuclear decommissioning expense in test year revenue requirement subject to refund at the short-term debt rate.

20. It is reasonable to offset the \$3.6 million increase in NMC costs against a \$3.1 million decrease in depreciation expense (associated with Monticello relicensing) for a zero test year revenue requirement impact.

21. It is reasonable that the \$3.6 million increase in NMC costs be subject to refund, at the short-term debt rate, pending a review of the NMC exit fees and the NMC/Northern States Power Company-Minnesota (NSPM) nuclear budget in the audit of the Interchange Agreement.

22. It is reasonable to incorporate the impact of docket 4220-CG-136, the automated meter reading (AMR) construction authorization, in developing the test year revenue requirement. It is reasonable to require NSPW to work with the Citizens' Utility Board (CUB) and Commission staff to establish a meeting timetable, within 90 days of the order in this proceeding, for the purposes of identification of enhanced metering features and service options and development of an implementation plan.

23. It is reasonable to incorporate the depreciation rates approved in docket 4220-DU-106 in developing the test year revenue requirement.

24. It is reasonable to continue deducting appropriated retained earnings associated with hydro facilities from rate base and regulated common equity.

25. It is reasonable to require NSPW to work with Commission staff to develop measures of success for its 2008 customer service conservation and load management activities, using 2007 measures of success as a starting point.

26. It is reasonable to include all uncontested Commission staff adjustments to NSPW's filed electric and natural gas revenue requirements.

27. It is reasonable to allow NSPW to file a limited reopener that would include an update of all production and transmission costs that pass through the Interchange Agreement. The update should be based on the 2009 system load forecast and 2009 production costs and by definition would include an update to the cost of fuel.

28. It is reasonable to direct NSPW to work with Commission staff to develop holding company filing requirements to be filed annually on May 1.

29. It is reasonable to direct NSPW to file a complete forecast of its balance sheets for the bridge year and the test year in future rate case filings.

30. Reasonable inflation rates for 2007 and 2008 are 2.6 percent and 2.1 percent, respectively.

31. A reasonable return on equity is 10.75 percent.

32. A reasonable estimate of the cost of the new long-term debt issue for the test year is 5.9 percent. Combining this estimate with the embedded cost of debt yields an effective cost of long-term debt of 6.28 percent. This cost estimate is reasonable.

33. A reasonable estimate of the cost of short-term debt for the test year is 5.4 percent.

34. A reasonable capital structure for the test year consists of 52.51 percent common equity, 2.87 percent short-term debt, and 44.62 percent long-term debt.

35. It is reasonable to rely on the results of one or more cost-of-service studies (COSS) along with other factors, such as bill impacts, when allocating revenue responsibility.

36. It is reasonable to approve rates for electric service for the test year to achieve customer class changes in revenue as shown in Appendix B.

37. It is reasonable to approve the wind and biogas Advanced Renewable Tariff.

38. The standard buyback rates proposed by NSPW as shown in Appendix B are reasonable.

39. It is reasonable to utilize all the natural gas COSS as guides for revenue allocation and rate design.

40. It is reasonable to authorize the natural gas rates contained in Appendix C.

41. It is reasonable to identify the amount of statewide energy efficiency and renewable resource program costs (2005 Wisconsin Act 141 (Act 141) costs) included in the natural gas rates of large customers. It is appropriate to design natural gas rates to limit the amount of Act 141 costs paid by large customers to the amount that they paid in 2005.

42. It is reasonable to require transportation customers or their agents to deliver natural gas to the primary town border station on high and low flow constraint days, within the areas affected by the constraint.

43. It is reasonable to approve the natural gas tariff changes contained in Appendix C, which provide information regarding financing programs for new customers, update and clarify the tariffs and make the tariffs consistent with current administrative code provisions.

44. It is reasonable to approve natural gas rates and tariffs, which allow for billing Fort McCoy in accordance with NSPW's new contract with Fort McCoy.

Conclusions of Law

The Commission concludes it has jurisdiction under Wis. Stat. §§ 1.12, 196.02, 196.025, 196.03, 196.19, 196.20, 196.21, 196.37, 196.374, 196.395, and 196.40 and Wis. Admin. Code chs. PSC 113, 116, and 134 to enter a Final Decision authorizing NSPW to place in effect the rates and rules for electric and natural gas utility service set forth in this Final Decision and Appendices B and C, and the fuel cost treatment set forth in Appendix D, subject to the conditions specified in this Final Decision.

Opinion

Applicant and Its Business

NSPW is a public utility, as defined in Wis. Stat. § 196.01(5), operating as an electric and natural gas utility in Wisconsin. NSPW is engaged in providing electric service to approximately 245,000 retail customers in northwestern Wisconsin and 9,000 retail customers in Michigan. In addition, applicant provides natural gas service to approximately 95,000 customers in Wisconsin and 5,300 customers in Michigan. NSPW is a wholly-owned subsidiary of Xcel Energy Inc. (Xcel Energy).

NSPW, intervenors, and Commission staff presented testimony and exhibits at the hearing concerning estimates of NSPW's 2008 electric and natural gas utility operations. Significant issues pertaining to the income statement are addressed separately below.

Income Statement

Electric Fuel Costs

The total company test year fuel costs of \$1,358,419,000 reflects the cost of generation, purchased capacity (including transmission) and energy, less revenues from opportunity sales of energy. The test year fuel costs divided by the test year estimate of net native energy requirements of approximately 48,296,680 MWh is \$.02813 per kWh. These amounts include the total Xcel North system native energy requirements and costs to arrive at fuel cost data. Including these costs is appropriate in view of NSPW's interchange agreement with Northern States Power-Minnesota. The total fuel costs are based on various indices for natural gas, oil, and forward electricity prices as of November 15, 2007.

Electric Monitored Fuel Rules Costs and Monitoring Ranges

A reasonable estimate of fuel costs for monitoring purposes is \$1,189,409,000 for approximately 48,296,680 MWh, or \$.02463 per kWh. This excludes fuel handling, ash disposal, sulfur dioxide (SO₂) allowances, capacity purchases, and associated transmission. This level of fuel costs to be monitored through the fuel rules is reasonable.

It is reasonable to use the following fuel monitoring ranges for NSPW: (1) for the annual range, plus or minus 2 percent; (2) for the monthly range, plus or minus 8 percent; and (3) for the cumulative range, plus or minus 8 percent for the first month of the year, plus or minus 5 percent for the second month, and plus or minus 2 percent for the remaining months of the year.

French Island and Bayfront Plants EFORs

Commission staff follows a general policy of using five-year historical EFORs to forecast test year EFORs. Commission staff will sometimes depart from this policy when there are good reasons to do so, for example, when there has been an extended, atypical, forced outage in one of the historical years, when a plant has been extensively overhauled, or when the forced outage rate does not capture all of the time a plant has not been available, as is the case for the French Island and Bayfront plants. For these plants, the EFORs do not capture all of the time the plants are not available (largely due to fuel availability problems). For this reason, NSPW forecasts EFORs for these plants by calculating a five-year average of generation, and “backing into” a forced outage rate to approximate this average generation. Commission staff did not adjust the generation from the Bayfront and French Island plants as it considers this approach to be reasonable.

The Wisconsin Industrial Energy Group (WIEG) had concerns with this approach, and proposed forecasting generation from Bayfront by annualizing 2007 year-to-date data, and using an average of 2003-2006 EFORs to forecast French Island generation. NSPW disagreed with WIEG's forecasting methods, pointing out that French Island had never achieved WIEG's forecasted level of generation, and that Bayfront had only achieved WIEG's forecasted generation once in the last five years.

NSPW's test year estimated EFORs for the French Island and Bayfront plants are reasonable. NSPW is directed to work with Commission staff to develop a better method of forecasting generation from these plants.

A. S. King Plant EFOR

After an extensive overhaul to retrofit pollution control equipment and increase operating efficiency, the A. S. King plant returned to service in late June 2007. NSPW followed Commission staff's general policy of using the most recent five-year average EFOR to forecast the test year EFOR for this plant, resulting in a test year forecasted EFOR of 15.6 percent. During its audit of test year fuel costs, Commission staff accepted this estimated EFOR for the A. S. King plant.

In light of the extensive overhaul of the A. S. King plant, WIEG filed rebuttal testimony stating that it was not appropriate to use the five-year historical EFOR to forecast the test year EFOR for that plant, and proposed to use an EFOR of one half of that rate, or 7.8 percent. WIEG proposed this rate because, as it viewed A. S. King to be essentially a new plant, it believed it was inappropriate to apply the "old" rate to a new plant.

Commission staff further reviewed the EFOR for the A. S. King plant, and found that the actual generation achieved in July through October 2007 would equate to an EFOR of approximately 71 percent for that period of time. Based on this history and the fact that the testing phase is expected to extend into the test year, Commission staff did not consider NSPW's forecasted EFOR to be unreasonable.

In sur-surrebuttal testimony, WIEG proposed an alternative EFOR for the A. S. King plant of 5.3 percent, which is the average EFOR for the Sherco plant, which WIEG viewed as a similar plant.

NSPW responded, disagreeing with this proposal. NSPW stated that as the A. S. King plant had undergone a major overhaul to increase capacity and install state of the art pollution control equipment, it is reasonable to expect continued testing and tuning of plant systems for an extended period of time. NSPW also pointed out that the Sherco plant is a different technology than the A. S. King plant.

In light of the recent performance of the plant, the Commission does not find WIEG's arguments convincing. It is reasonable to accept NSPW's test year estimated EFOR for the A. S. King Plant of 15.6 percent.

Fuel Cost Savings Due to Implementation of MISO's ASM

Commission staff proposed an adjustment decreasing fuel costs by approximately \$986,000 on a Wisconsin retail basis to reflect the impact of MISO's implementation of its ASM. As MISO has stated its intent to implement the ASM on June 1, 2008, these forecasted fuel cost savings were based on 7/12 of the mid-point of MISO's estimated system-wide net savings, multiplied by NSPW's load ratio share.

NSPW opposed acceptance of this proposed adjustment for three reasons: (1) the cost study used to calculate the benefit was done on a market-wide basis, not for an individual utility; (2) given the delays in starting the MISO Day 2 market, it is likely the start date for the ASM will also be delayed; and (3) given MISO's history in starting the Day 2 market, it is likely they will again initially operate in a very conservative manner, resulting in a cost increase rather than a cost decrease in the first year of operation.

Commission staff responded stating that: (1) the market-wide cost study is the only study of estimated benefits available; (2) when MISO implements the ASM, it will have over three years' experience running the energy market; and (3) MISO has not stated any intent to delay the startup date. Commission staff also proposed that if MISO were to announce a delay in implementation, NSPW would be allowed to file a delayed exhibit reflecting the impact of any such delay on the estimated cost savings due to implementing the ASM.

As no such exhibit was received, and as MISO has not announced its intent to delay implementation of its ASM, the Commission accepts Commission staff's proposed adjustment to reflect the estimated cost savings associated with MISO's implementation of its ASM. It is reasonable to reflect \$986,000, on a Wisconsin retail basis, of estimated fuel cost savings due to MISO's implementation of its ASM, in NSPW's test year revenue requirement.

MISO RSG and RNU Net Revenues

Commission staff proposed an adjustment to decrease Wisconsin retail fuel costs by \$1,049,000 as a result of updating MISO RSG and RNU net costs to a net revenue of \$1,503,000 on a Wisconsin retail basis, to reflect data for the 12 months ended July 31, 2007.

NSPW opposed acceptance of this proposed adjustment for several reasons: (1) MISO's allocation rules are going to be redesigned to better assign costs to the cost causers, (2) Implementation of the ASM will change unit commitment patterns, resulting in less RSG make whole payments to NSPW, (3) In 2008 MISO could see up to 17,000 MW of new load and generation from companies currently outside of MISO, and (4) a portion of the market data for the most recent 12 months has been "tainted" by resettlements of past RSG charges. Because of all of this uncertainty, NSPW proposed either reflecting zero net costs for RSG's and RNU's, or reflecting NSPW's original estimate of these costs.

Commission staff responded to these concerns stating that despite the difficulties involved in forecasting RSG and RNU costs and revenues due to resettlements of past RSG charges and possible changes to allocations in the future, that does not relieve NSPW or Commission staff from making a good faith effort to forecast these costs as accurately as possible. Commission staff also stated that it considers the use of recent historical data to be the best way to forecast these costs and revenues, and pointed out that during the months that NSPW has been receiving resettlements of past RSG charges, RNU charges have increased even more, and that the resettlement of past RSG charges will extend into the test year.

The Commission does not find NSPW's arguments persuasive and must make the best estimate possible of these costs and revenues, based on the information available. It is reasonable to reflect \$1,503,000 of net MISO RSG and RNU revenues in test year estimated fuel costs, on a Wisconsin retail basis.

Recovery of Deferred MISO Day 2 Costs

NSPW has been deferring certain MISO Day 2 costs and revenues since the inception of MISO Day 2. In its order in docket 05-EI-139, the Commission terminated the deferral, effective December 31, 2007, and defined the deferred costs eligible for future recovery. The order also stated that for a utility to recover its costs, it must demonstrate an overall cost increase due to the implementation of MISO Day 2 in its next general rate case.

NSPW attempted to show this overall cost increase by stating that since the start of MISO Day 2, it has under-recovered its fuel costs by \$9.1 million, that its peaking fleet's usage more than doubled during 2005 due to MISO's conservative dispatch procedures, and that while it cannot quantify the benefits received, any such benefits have been returned to the customers through the action of the fuel rules. NSPW also indicated that it had deferred \$6,541,000 of costs that qualify for recovery, and that it wished to recover these costs over the 2008-2009 biennium.

Commission staff reviewed NSPW's deferred costs and concluded that it had deferred \$6,541,000 of costs eligible for recovery as of July 31, 2007. Accordingly, it included one-half of these costs (based on a two-year amortization period) in NSPW's revenue requirement pending a Commission determination that NSPW had adequately demonstrated an overall cost increase due to MISO Day 2.

Commission staff believed that NSPW had largely shown that the benefits of MISO Day 2 have flowed through to customers for 2005 and 2006, as rates were subject to refund for fuel costs for most of those years. NSPW also demonstrated fuel cost increases due to MISO's conservative dispatch policies in 2005. For 2007, however, Commission staff stated that it was

less clear, as rates were set subject to refund for only about three months of 2007, and final 2007 MISO Day 2 deferrals and the associated costs and benefits were not known.

It is reasonable to allow NSPW to recover its deferred MISO Day 2 costs by amortizing these costs over a two-year period beginning January 1, 2008.

Commissioner Azar dissents only with respect to the recovery at this time of deferred 2007 costs.

Account 921, Miscellaneous Office Expense

In 2006, the NSPW electric utility operations actually incurred a total of \$3.4 million in network service costs. Of this total, approximately \$2.3 million was charged to Account 921, Miscellaneous Office Expense, with the remainder functionalized across more than twenty different electric Federal Energy Regulatory Commission (FERC) accounts. In the 2008 test year, \$3.9 million (or approximately 100 percent) of electric utility network service costs were budgeted to Account 921, resulting in a \$1.6 million increase from 2006 to the 2008 test year for Account 921. Commission staff reduced the test year forecast for Account 921 by \$1,240,000.

There is a disconnect between the way in which expenses are budgeted/forecasted and the way in which they are recorded. The rate case filing will not match NSPW's books on an account-by-account basis. Because of NSPW's method of forecasting, there is considerable movement between FERC accounts and mismatches between historical dollars and the forecast by account. Looking at just one subset of accounts and just one type of expense, such as network services, is not sufficient and is inconclusive. The only way to verify the adjustments is to look at the reasonableness of operation and maintenance (O&M) non-labor expense in total.

Commission staff's adjustment to Account 921 is reasonable when viewed in this context.

In order to facilitate the Commission's rate review, prevent future confusion, eliminate potential missed forecasts or items and ultimately ensure that all parties have a common set of numbers (both historic and forecasted) to work with, NSPW should file on the same basis as they forecast (converting historic dollars to that basis) or convert the forecast to the same basis as historic dollars. To try to adjust for the variance in one account or for one type of expense, in isolation, at the time of testimony or at the hearing, risks ignoring potential offsets in other accounts or areas.

It is reasonable to exclude \$1,240,000 from the test year revenue requirement for Account 921 expenses and to direct NSPW to file forecasted and actual data on a consistent basis in future rate case filings or provide a reconciliation between the two methods.

Nuclear Decommissioning Costs

NSPW stated that there are two aspects of the nuclear decommissioning costs at issue. The first is a deferral balance resulting from the Commission's treatment of decommissioning expense in docket 4220-UR-114. Rather than include an estimate of the nuclear decommissioning expense for the 2006 test year, the Commission froze the decommissioning expense at the 2004 test year level of \$5.1 million and authorized NSPW to defer actual costs in excess of that amount. Actual decommissioning expense billed to NSPW under the Interchange Agreement was higher than included in the 2006 rates, resulting in a deferred balance of approximately \$5.8 million. NSPW proposed to amortize this amount over a two-year period, creating an annual addition to revenue requirement of \$2.9 million. The second component of decommissioning expense is the increase experienced by NSPM resulting from rulings of the Minnesota Public Utility Commission (MPUC). NSPW requested a 2008 test year

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decommissioning expense of \$11.6 million. This amount consists of the \$2.9 million amortization plus \$8.7 million (2008 decommissioning expense of \$5.1 million current in rates and an additional \$3.6 million).

NSPW argued that the deferral balance represents amounts that NSPM has already billed NSPW and NSPW has already paid. In addition, the increase in the annual expense (\$3.6 million) is a result of MPUC decisions and NSPW will receive a bill from NSPM, pursuant to the Interchange Agreement, for its share of the increased decommission costs.

WIEG argued that the nuclear decommissioning expense should be reduced to reflect the life extension of the Monticello plant and the potential life extension of the Prairie Island plants since the Monticello plant has already received a 20-year life extension and that NSPM has plans to seek life extensions for its two Prairie Island plants in 2008. WIEG argued that obtaining the life extensions will result in considerably less annual nuclear decommissioning expense. WIEG stated that the Commission should cap the level of decommissioning expense at \$5.1 million, comprised of the \$2.9 million amortization and \$2.3 million in 2008 trust fund contributions. To prevent any overcollection of nuclear decommissioning expenses, WIEG recommended that the Commission should order NSPW to defer the difference between its actual decommissioning contributions and its decommissioning collection from customers, and credit it back to NSPW's customers in the next rate case.

The decommissioning expense issue involves two state commissions and FERC. NSPW does not own the nuclear plants in question. The plants are owned by NSPM and are part of the NSP System serving NSPW. As such, decisions on decommissioning, the level of expense, the type of trust, etc., are the regulatory responsibility of the MPUC. The MPUC conducts an

in-depth review of NSPM's nuclear decommissioning expense every three years. The next triennial proceeding will be in 2008, focused on 2009 costs. The Monticello plant has been granted a 20-year life extension and no application for life extension has been filed with the Nuclear Regulatory Commission for the Prairie Island plants. The MPUC has taken steps to assure that any overfunding since 2006 would be refundable to customers. The funds are in an external trust and earn interest that would be returned to customers at the appropriate time.

Because the nuclear plants are part of the NSP System, a portion of the costs associated with those plants, including decommissioning, are billed to NSPW through the Interchange Agreement (FERC regulated). FERC has regulatory responsibility over the Interchange Agreement and in order to prevent trapping any federally approved costs, this Commission would have to question the prudence or level of the costs before they entered the Interchange mechanism, *i.e.*, reviewing the costs at the NSPM level.

With the life extension of the Monticello plant, nuclear decommissioning expenses should decrease, although the level of that decrease is uncertain. It is reasonable to include the \$2.9 million amortization and the \$8.7 million in 2008 decommissioning expense for a total of \$11.6 million, subject to refund at the short-term debt rate in the test year revenue requirement.

NMC Exit Fees

Nuclear O&M expenses for the test year have increased by over \$40 million in the test year due to increases in the scope of work to be completed for nuclear outages, regulatory fees, security personnel costs, service company costs and NMC costs. NMC is shrinking with the sale of several member units, and now with the sale of the Point Beach Nuclear Power Plant (Point Beach) in September 2007, NSPM is the sole remaining member. As a condition of the NMC

Operating Agreements and the Nuclear Power Plant Operating Service Agreement, exit fees were anticipated and have been collected from each departing NMC member. There are two primary elements of the exit fees – forfeiture of the departing member’s capital account and collection of monies to cover capital and operating expenses approved during membership in NMC. The intent of this arrangement was that remaining members of NMC would not incur additional cost or expenses related to the departure of previous owners and that future obligations, which all parties had agreed to in good faith, would not become the sole obligation of the remaining members.

There are two related issues: (1) whether NSPW addressed and reviewed alternatives to bringing NMC in-house; and (2) to the extent that any portion of costs contained in the nuclear budget could be covered by exit fees, these costs should be excluded. Exit fees should be used to offset increased costs due to continuing depreciation expense associated with the departing members (in the case of the capital account) or in continuing obligations (in the event of operating costs, including severances).

WIEG questioned whether a portion of the increase in NMC costs was solely related to the exit of the other NMC partners, stating that NSPW has not shown that the increased NMC costs are the responsibility of Wisconsin customers or that NSPW has proven that the NMC cost are prudent and reasonable for recovery in Wisconsin.

NSPW has stated that the 2008 nuclear budget does not contain any costs that would have been covered by exit fees.

Commission staff offset the \$3.6 million increase in NMC costs with the \$3.1 million decrease in depreciation expense resulting from lengthening the life of the Monticello nuclear plant by 20 years.

It is reasonable to offset the \$3.6 million increase in NMC costs with the \$3.1 million decrease in depreciation expense for a zero dollar impact to test year revenue requirement. Due to the uncertainty associated with the NMC exit fees and any impact on the nuclear operating budget, it is reasonable to include an audit of the NMC exit fees and the NMC/NSPM nuclear budget in the audit of the Interchange Agreement. Therefore, it is reasonable to set \$3.6 million in NMC costs subject to refund pending the outcome of that audit.

Automatic Meter Reading

To be effective, the AMR technology needs to have the flexibility to adapt to technological change. NSPW needs to be committed to utilizing the AMR technology in a manner that maximizes its potential both from a corporate and customer perspective. It is important to ensure that the spectrum of potential enhanced service offerings and timelines for offering those options are addressed as the technology is deployed. Therefore, it is reasonable to require NSPW to work with CUB and Commission staff to establish a meeting timetable within 90 days of the date of this order for the purposes of identification of enhanced features and service options and discussion and development of an implementation plan.

Summary of Income Statement

In addition to the specific items discussed above, all other Commission staff estimates and adjustments to the applicant's estimates are reasonable and just. Accordingly, estimates of the test year 2008 Wisconsin retail electric and natural gas operations that are considered

reasonable and just for purposes of determining the revenue requirements in this proceeding are as follows:

	Retail Electric <u>(000's)</u>	Retail Natural Gas <u>(000's)</u>
Operating Revenues		
Sales	\$ 483,982	\$ 160,042
Other Operating Revenues	<u>3,072</u>	<u>526</u>
Total Operating Revenues	\$ 487,054	\$ 160,568
Operating Expenses		
Production Expense	\$ 314,816	\$ 1,343
Gas Storage Expense	---	
Purchased Gas Expense	---	126,381
Transmission Expense	(257)	---
Distribution Expense	21,578	6,191
Customer Accounts Expense	9,827	3,708
Customer Service & Sales Expense	9,217	3,435
Administrative and General Expenses	<u>27,299</u>	<u>4,490</u>
Total Operation and Maintenance Expenses	\$ 382,480	\$ 145,547
Depreciation & Amortization Expense	51,598	7,126
Taxes Other Than Income Taxes	17,805	2,333
State Income Taxes	1,387	223
Federal Income Taxes	5,696	913
Deferred Income Taxes - Net	(1,078)	10
Investment Tax Credit - Restored	<u>(599)</u>	<u>(26)</u>
Total Operating Expenses	\$ 457,288	\$ 156,126
Chippewa Flambeau Improvement Company Income	<u>39</u>	<u>---</u>
Net Operating Income	<u>\$ 29,806</u>	<u>\$ 4,442</u>

Net Investment Rate Base

Hydro Appropriated Retained Earnings

The Appropriated Retained Earnings (ARE) reserve associated with hydro facilities had its origins in the 1920 Federal Water Power Act (WPA). The purpose of the reserve, required by the WPA, was to provide funds in the event: (1) the Federal Power Commission (FPC) decided to award the new license to a competitor or if the United States decided to take over the project

and (2) the project had, in fact, during the term of the license, earnings in excess of a fair return.¹

The longstanding and currently recognized Commission practice is to deduct the ARE amount accumulated in FERC Account 215.1, Appropriated Retained Earnings – Amortization Reserve Federal, associated with the hydro facilities from rate base with a corresponding reduction to regulatory common equity. NSPW requested to discontinue this practice.

The WPA/FPA/FERC have specific federal objectives with regard to the hydro reserve. From a state perspective, these are dollars held as appropriated retained earnings for a federal purpose. These dollars are not available for general utility purposes, are calculated and accumulated as “excess earnings” and, by definition, are segregated and restricted. The rate base portion of the adjustment is not clear. The equity portion of the adjustment is reflective of the restricted and specific nature of the dollars.

Because the ARE funds are segregated and restricted, it is appropriate to continue to deduct these funds from rate base and equity. A better understanding needs to be developed in a future rate proceeding or other Commission docket record before the Commission will consider eliminating the reduction from rate base.

Summary of Average Net Investment Rate Bases

All uncontested Commission staff adjustments to NSPW’s filed average net investment rate bases are appropriate.

¹ Section 10(d) of the WPA requires that certain earnings associated with hydro investments be appropriated, *i.e.*, held in reserve and unavailable for distribution as dividends. FERC has held that the sole purpose of ARE is to reserve a portion of earnings so that they are available to a subsequent owner in the event the hydro facilities are acquired under Section 14 or 15 of the WPA.

For purposes of determining the revenue requirement in this proceeding, reasonable and just estimates of NSPW's test year average net investment rate bases for its Wisconsin retail electric and natural gas operations are as follows:

	Retail Electric (000's)	Retail Natural Gas (000's)
Utility Plant in Service	\$1,349,744	\$173,039
Less: Accumulated Depreciation	<u>657,389</u>	<u>96,050</u>
Net Utility Plant	\$692,355	\$ 76,990
Add: Fuel Inventory	6,718	---
Gas in Storage Inventory	---	11,043
LNG Fuel Inventory	---	180
Materials and Supplies	4,708	649
Investments in Assoc. Companies	537	---
Less: Accumulated Deferred Income Taxes	124,573	7,938
Customer Advances for Construction	16,421	2,399
Amortization Reserve - Hydro	<u>11,246</u>	<u>---</u>
Average Net Investment Rate Base	<u>\$ 552,078</u>	<u>\$ 78,524</u>

Pro Forma Rate of Return

The net operating income for purposes of this proceeding for the test year ending December 31, 2008, results in a rate of return on the average net investment rate base of 5.4 percent for electric utility operations and 5.66 percent for natural gas utility operations.

Demand-Side Management

Conservation Budget

The level of expensed conservation costs recoverable in rates for the test year is \$7,409,188 for electric utility operations and \$2,760,425 for natural gas operations. The level for electric operations consists of the conservation budget of \$7,197,981 plus an escrow adjustment of \$211,207, which represents the amortization of the projected overspent escrow balance at December 31, 2007, over a two-year period. The electric conservation escrow budget includes

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\$4,759,697 for NSPW's required contribution to Focus on Energy programs and \$2,438,284 for customer service conservation and load management activities. The level of recoverable natural gas expensed conservation costs consists of the conservation budget of \$2,298,431 plus an escrow adjustment of \$461,794, which represents the amortization of the projected overspent escrow balance at December 31, 2007, over a two-year period. The natural gas conservation escrow budget consists of NSPW's Focus on Energy contribution of \$1,716,057 and \$581,374 for customer conservation activities.

Customer Service Conservation Activities

NSPW did not propose measures of success for its 2008 customer service conservation and load management activities. As in the past, it is reasonable for NSPW to work with Commission staff to develop measures of success for its 2008 customer service conservation and load management activities using 2007 as a starting point.

Financial Capital Structure

Inflation Rates

Reasonable inflation rates for 2007 and 2008 are 2.6 percent and 2.1 percent, respectively. The inflation rates are based on the average of current estimates from the monthly publications of *Global Insight U.S. Economic Outlook* and *Blue Chip Economic Indicators*. This is a reasonable and objective method of determining the expected rates of inflation.

Fair Return on Equity

The record on this issue contains two fundamentally different perspectives as to the role of the cost of equity as a guide in setting the fair return on equity for NSPW. One view is that the cost of equity represents the target for the return on equity. Under this view, financial model

results are the central focus. According to this perspective, absent extraordinary circumstances, the Commission should set the return on equity at its best estimate of the utility's cost of equity.

The opposing view is that the cost of equity is but one of several factors that direct the Commission toward the proper level for the return on equity. Under this view, during normal economic times, the financial models provide estimates as to the minimum acceptable return, and not necessarily the fair return. The fair return, under this method, typically lies above the cost of equity. That return is determined by applying informed judgment.

The Commission finds that the latter view is more reasonable. As was recently found in docket 3270-UR-115, the cost of equity represents the starting point in the return on equity analysis, and in most cases does not represent the target rate of return for ratemaking. Setting returns on equity at the bare minimum has not been the practice in utility regulation in general. Furthermore, it has not been the case in this jurisdiction, where a policy of maintaining the financial integrity of Wisconsin utilities has been a central focus. Setting the return on equity at the cost of equity, by definition, is a minimalist policy that would allow the utility to barely compete for capital. The Commission finds such a policy to be unreasonable.

The cost of equity is a technical economic concept. Setting the return on equity is a public policy matter, one that transcends economic concerns. While estimating the cost of equity is a proper role for financial models, setting the fair return on equity is not and cannot properly be viewed solely as a modeling exercise. The cost of equity models address only risk-adjusted returns. There are non-risk factors that bear on the appropriate rate of return. Therefore, parties should not expect that the Commission will judge the reasonableness of their return on equity recommendation solely by examining financial model results. This is in keeping with the United

States Supreme Court decision in *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944) (*Hope*), in which the Court concluded that setting the fair rate of return is not a matter of applying mathematical formulae, but rather, a matter of pragmatic judgment.

While financial model results can provide some information in this regard, the Commission relies on other public policy considerations to set the fair return on equity as the Court suggests is appropriate. These considerations include the need to make gradual adjustments to key financial variables, of which the return on equity is arguably the most important. Such a policy promotes financial stability, and signals to investors that the Commission is acting prudently.

In our view, the proper role of the Commission when setting the fair return on equity in normal times is to determine the degree to which the return on equity should exceed the cost of equity. The evidence in this record suggests that NSPW's current authorized return on equity of 11.0 percent exceeds reasonable estimates of the cost of equity by too wide a margin. In keeping with its policy of making gradual adjustments, the Commission finds that reducing the return on equity to 10.75 percent in this proceeding would move the authorized return closer to the cost of equity, and still provide NSPW with a reasonable cushion above the bare minimum return. By narrowing the gap between the return on equity and the cost of equity in this fashion, the Commission reduces the economic burden on consumers without sacrificing the financial integrity of NSPW. In the end, therefore, the Commission reaches its return on equity determination by balancing investor and consumer interests. That is in keeping with the Court's requirements in *Hope*.

Regulatory Capital Structure and Cost of Capital

Commission staff deducted from the utility's equity any non-utility investments or other equity adjustments for which ratepayers should not pay an equity return for ratemaking purposes. Consequently, a reasonable utility rate making capital structure for the purposes of establishing just and reasonable rates for the test year consists of 52.5 percent common equity, 44.62 percent long-term debt, and 2.87 percent short-term debt.

Cost of Long-Term Debt

NSPW expects to issue long-term debt in the test year. Therefore, in this proceeding, the Commission must forecast the likely interest rate that will apply to that debt issue.

NSPW proposes that the Commission set the cost of the long-term debt issue by applying a 100 basis point premium to the yield on the 30-year Treasury bond. It relies on forecasts of Treasury interest rates over the test year, which suggested that the Treasury yield would likely rise. The result is a 6.375 percent yield.

Commission staff suggests that the 100 basis point premium over the Treasury bond yield is reasonable, but that the Commission should rely on current interest rates when estimating future interest rates. It points to evidence in the financial literature that suggests that current financial market data, and not expert opinions, provides the best estimates of future results. Its estimate of the corporate bond yield is 6.0 percent.

When Commission staff filed its delayed exhibit in this proceeding, which provides updated financial information, it became clear that there is a problem regarding the use of the Treasury bond yield as the basis for NSPW's long-term debt rate. The financial markets have been somewhat volatile as of late, and Treasury bond yields have declined noticeably more than

have general corporate bonds. The end result using the Treasury-plus-100-basis-point method is a long-term corporate bond yield estimate based on the Treasury bond yield of 5.3 percent. This is slightly below estimates of the current cost of short-term debt for NSPW.

In its cost of equity analysis, Commission staff presents general corporate bond yield information. It also updates that information in the delayed exhibit. While that information made it clear that debt costs have declined, the decline in the rates on long-term corporate debt has been more muted than the Treasury bond yield decline, as noted above.

While pegging the corporate bond yield to the Treasury bond yield would be reasonable in normal times, the results in the financial markets as of late have not been typical. Therefore, a better estimate of NSPW's long-term corporate bond yield is obtained by relying on the general corporate bond yield rate, which is currently 5.9 percent. As a result, a reasonable estimate of the yield on NSPW's long-term bond to be issued in the test year is 5.9 percent. Combining the cost of the new long-term debt issue with the embedded cost of long-term debt previously issued is 6.28 percent. This cost rate estimate is reasonable.

Commission Azar dissents.

Cost of Short-Term Debt

NSPW suggests that its cost of short-term debt for the test year will be 5.61 percent. Commission staff's estimate is almost identical, at 5.6 percent.

As noted above, the delayed exhibit reveals, however, that interest rates have declined since the testimony was filed in this proceeding. The current short-term debt rate is now 5.4 percent.

The Commission relies heavily on current financial market information when setting key financial parameters. The evidence is clear that the cost of both long- and short-term debt have declined in recent times. Therefore, the 5.4 percent cost of short-term debt is the most reasonable estimate for the test year.

Common Equity Ratio

NSPW suggests that a reasonable common equity ratio for the test year is 53.86 percent. It indicates that such a common equity ratio is necessary to support its current bond rating. It notes that its proposed common equity ratio is higher than the ratios for some of its sister companies in the Xcel Energy system because those sister entities have enhanced cost recovery mechanisms, such as fuel adjustment clauses. Those enhanced cost recovery mechanisms provide greater certainty, and therefore a lower common equity is reasonable for those utilities. Since it does not have access to those cost recovery mechanisms in this jurisdiction, NSPW asserts it needs a higher common equity ratio.

WIEG argues that NSPW could maintain its bond rating at a common equity of 50.9 percent. Other parties, including Wal-Mart and the city of La Crosse, support WIEG's position on this issue.

The Commission finds that a 53.86 percent common equity ratio is in excess of that needed to maintain its current bond rating. Given NSPW's business risk climate, a moderate reduction in its common equity ratio would not likely result in a bond rating downgrade, given that its proposed common equity ratio is at the high end of the range. In keeping with the Commission's gradual approach to making adjustments to key financial variables, reducing the common equity ratio to 52.5 percent is reasonable. After making all the adjustments consistent

with the entirety of this decision, the resulting common equity ratio would be 52.51 percent, which is reasonable. This should enable NSPW to maintain its current bond rating without unduly burdening consumers.

The reduction in the common equity ratio to 52.51 percent increases the proportion of short-term debt in the capital structure to 2.87 percent. The long-term debt percentage is 44.62 percent.

Accordingly, the average utility capitalization ratios, annual cost rates, and the composite cost of capital rate considered reasonable and just for setting rates for the test year are as follows:

	Amount (000's)	Percent	Annual Cost Rate	Weighted Cost
Utility Common Equity	\$425,579	52.51%	10.75%	5.64%
Long-Term Debt	361,599	44.62%	6.28%	2.80%
Short-Term Debt	<u>23,277</u>	<u>2.87%</u>	5.40%	<u>0.15%</u>
Total Utility Capital	<u>\$810,455</u>	<u>100.00%</u>		<u>8.60%</u>

The weighted cost of capital of 8.60 percent is reasonable for NSPW for the test year. It generates an economic cost of capital of 12.38 percent and a pre-tax interest coverage ratio of 4.19 times on the regulatory capital structure, and 2.91 times on the test year financial capital structure.

Rate of Return on Rate Base

The 8.6 percent composite cost of capital must be translated into a rate of return which can then be applied to the average net investment rate base and used to compute the overall return requirement in dollars. The estimate of NSPW's average net investment rate base plus construction work in progress (CWIP) for the test year is 88.97 percent of capital applicable primarily to utility operations plus deferred investment tax credit. This estimate reflects all

appropriate Commission adjustments, and is a reasonable and just factor for use in translating the composite cost of capital into a return requirement applicable to the average net investment rate base.

Accordingly, the rate of return on average Wisconsin retail electric and natural gas utility net investment rate bases, which are reasonable for the purpose of determining rates in this proceeding, are as follows:

	<u>Retail Electric</u>	<u>Retail Natural Gas</u>
Cost of Capital	8.60%	8.60%
Average Percent of Utility Net Investment Rate Base Plus CWIP to Capital Applicable Primarily to Utility Operations Plus Deferred Investment Tax Credit	88.97%	88.97%
Percent Return Requirement Applicable to Net Investment Rate Base	9.67%	9.67%

Revenue Requirement

On the basis of the findings in this order, a \$39,376,000 increase in Wisconsin retail electric utility revenues and a \$5,262,000 increase in Wisconsin retail natural gas utility revenues are reasonable for the purpose of determining rates in this proceeding and are computed as follows:

	<u>Retail Electric</u>	<u>Retail Natural Gas</u>
Pro Forma Return on Average Net Investment Rate Base at Present Rates	5.40%	5.66%
Required Return on Average net Investment Rate Base	9.67%	9.67%
Earnings Deficiency as a Percent of Average Net Investment Rate Base	4.27%	4.01%
Average Net Investment Rate Base (000's)	\$552,078	\$ 78,524
Amount of Earnings Deficiency on Average Net Investment Rate Base (000's)	\$ 23,580	\$ 3,151
Revenue Deficiency to Provide for Earnings Deficiency Plus	\$ 39,376	\$ 5,262

Federal and State Income Taxes (000's)

Electric Cost of Service

Witnesses for NSPW, WIEG, CUB, and Commission staff testified regarding COSS issues. Testimony presented continued to question the appropriate allocator to use for the allocation of production costs. WIEG and CUB agreed that, if the equivalent peaker method is used to determine the mix of demand and energy allocators used to assign production plant costs in this case, the appropriate demand allocator to use is one based on the average of the highest four coincident peak demands. NSPW did not agree with this approach. In addition to this COSS issue, CUB disagreed with other parties on the appropriate method to use to allocate distribution costs. The information provided in these discussions is useful to the Commission in assigning revenue responsibility. It is for this reason that it is appropriate for the Commission to continue to rely on the results of COSS, along with other factors, such as bill impacts, when allocating revenue responsibility.

Electric Revenue Allocation and Rate Design

NSPW, CUB, Wal-Mart, WIEG, and Commission staff testified regarding cost-of-service issues. Most of the electric cost studies in this case supported higher than average increases for residential customers. NSPW and Commission staff proposed complete electric revenue allocations. CUB argued for a lower revenue allocation for residential customers. WIEG, Wal-Mart, and the Wisconsin Paper Council argued for lower increases for the large commercial and industrial customers. The Commission routinely allocates revenue considering such factors as bill impacts and the magnitude of the revenue change to establish revenue responsibility. The revenue allocations reflect additional factors besides the cost of service to arrive at a proposed

revenue responsibility. The results introduced in this case support various revenue allocations. Ultimately the decision about revenue allocation comes down to a judgment call by the Commission. The Commission continues to rely on the results of electric COSS along with the other information presented in this proceeding as a guide in determining revenue allocation and setting rates.

The Commission approves Commission staff's electric revenue allocation and rate design adjusted for the final revenue requirement. The Commission also approves a slight increase for interruptible credits from approximately \$37 to \$40.60 per kW per year, and increases in the standard parallel generation buy-back tariffs and the Pg-2 Hydro buy-back tariffs. The final rate design includes no increase for customer charges, similar increases for demand and energy charges above the previously authorized rates including fuel adjustments, the elimination of the current \$1.00 per month difference in customer charges for the small optional TOD and non-TOD classes, a slight increase in interruptible credits, no change in the high load factor Energy Charge Credit, and increases in the parallel generation buy-back tariffs. The electric rate design considers bill impacts. All of the individual electric rate class impacts are affected by factors such as established rate relationships, customer bill impacts for both high and low energy use customers of all classes, and the relationship of tariff charges to cost.

Revenue allocation in this case was determined by considering factors other than simply the cost-of-service results. These factors include customer bill impacts, energy cost, and rate comparability with other utilities in Wisconsin and surrounding states. Based on the overall weighing of these factors, it is reasonable to assign the electric revenue changes as shown in Appendix B with near average increases for the residential customer classes, below average

increases for the commercial customer classes, and slightly higher than average increases for the industrial classes. The electric rates also shown in Appendix B are reasonable and appropriately reflect the Commission's consideration of all of these factors.

Act 141 Costs in Base Rates

The Act 141 costs that are included in NSPW's electric rates for the 2008 test year total \$5,497,632. Act 141 defines a "large energy customer" as a customer of an energy utility that owns or operates a facility in the energy utility's service area that has an energy demand of at least 1,000 kilowatts of electricity per month or of at least 10,000 decatherms of natural gas per month and that, in a month, is billed at least \$60,000 for electric service, natural gas service, or both, for all of the facilities of the customer within the energy utility's service territory. Act 141 specifies that these customers should only pay the specific conservation costs associated with public benefits that they paid in 2005. To implement this requirement, the Commission must determine how much Act 141 costs are included in the base rates for the rate classes that serve the "large energy customers." NSPW has "large energy customers" that receive service under its Cg-2, Cg-5, Cp-1, Cp-2, Cg-9, and RTP-1 electric rate tariffs. Since the RTP-1 rate serves only one "large energy customer," this class would only pay the specific conservation costs associated with public benefits that they paid in 2005, which is \$0.00024 per kWh. The other rates that serve a mixture of "large energy customers" and non-large customers must be treated differently, because Act 141 costs are built into those base rates. The Act 141 cost in base rates for the other rate classes is \$0.00084 per kWh. Based on the Act 141 limits, the "large energy customers" will pay the specific conservation costs associated with public benefits that they paid in 2005, less the authorized \$0.00084 per kWh Act 141 cost included in base rates. The amounts the "large

energy customers” paid in 2005 are approximately \$0.0005, \$0.00039, \$0.00038, \$0.0003, and \$0.00035 per kWh, respectively, for each of the other rate classes listed above. The electric rates shown in Appendix B, along with the customer specific amounts identified above as Act 141 costs, are reasonable.

Miscellaneous Electric Tariff Changes

NSPW proposed several miscellaneous electric tariff language changes. One change involves NSPW’s Rg-2 tariff and the corresponding changes to its electric rules sheet E74, that shorten its minimum subscription period for the small optional TOD rates from one year to three months. Another proposed change was an extension of the experimental period for the RTP rate from December 31, 2007 to December 31, 2009, and changes to the RTP tariff language. Also included are changes to the electric distribution extension embedded cost allowances, which apply for extensions of electric service. Commission staff also proposed various changes to NSPW’s electric and natural gas rules. The Commission finds it reasonable to authorize all of the electric tariff changes shown in Appendix B.

Advanced Renewable Tariff

NSPW proposed the implementation of an experimental Advanced Renewable Tariff to provide the terms and conditions for the purchase of energy from customer-owned wind and biogas generation. NSPW posited that the Advanced Renewable Tariff is the best way to remove some of the barriers that exist for small scale renewable generation. The rates under the Advanced Renewable Tariff would be fixed for a ten year term. The Advanced Renewable Tariff as proposed by NSPW is reasonable.

Commissioner Azar dissents.

Natural Gas COSS and Rate Design

NSPW and Commission staff performed three natural gas COSS, which utilize varying methods to allocate the costs of providing distribution service to the customer classes. NSPW's COSS and Commission staff's COSS A are somewhat similar studies, which allocate many costs based on demand and customer number. Commission staff's COSS B provides an alternative viewpoint of cost causation, allocating the majority of costs based on demand and usage. Commission policy has been to rely on the results of several types of natural gas COSS when determining cost responsibility. Therefore, it is appropriate to utilize the results of all of the natural gas COSS as guides to revenue allocation and rate design.

NSPW's and Commission staff's natural gas rate design proposals differed primarily in the level of the increase in the residential customer charge. NSPW proposed increasing the customer charge to \$10.50 per month. Commission staff proposed increasing the charge to \$10.25 per month, which is equivalent to the highest current natural gas residential customer charge. The Commission authorizes Commission staff's rate design, adjusted for the final revenue requirement and for Act 141 considerations, as discussed below. The authorized rates are shown in Appendix C.

Act 141 Costs in Natural Gas Rates

Act 141 limits the amount that "large energy customers" will pay for Act 141 costs to the amount they paid in 2005. Act 141 defines a "large energy customer" as a customer with usage of at least 10,000 decatherms of natural gas per month or at least 1,000 kilowatts of electricity per month, and that, in a month is billed at least \$60,000 for natural gas service, electric service, or both, for all of the facilities of the customer in a utility's service territory. The total Act 141

costs included in NSPW's natural gas rates for the 2008 test year are \$1,810,700. In 2005, large natural gas customers paid \$39,330 in Act 141 costs.

Large natural gas customers receive service under rate schedules Gg-1 General Service and Lg-1 Large General Service, as well as under the rate schedules for Ig-1 Interruptible Service Groups 1, 2, 3, 4, and 5. There is a mixture of large and non-large customers in these classes that must be treated differently because Act 141 costs are built into the distribution charges. The Act 141 costs built into the distribution charges of these classes are \$0.0112 per therm. To comply with the Act 141 limits, the large customers in these classes will pay the amount they paid in 2005, less the Act 141 costs of \$0.0112 per therm included in the distribution charges.

Natural Gas Delivery on High Flow and Low Flow Constraint Days

The Commission approves the applicant's proposal to require transportation customers or their agents to deliver natural gas to the primary town border station on high and low flow constraint days, within the areas affected by the constraint. On constraint days, delivering natural gas supplies to other than the primary town border station that directly serves transportation customers can cause utility system imbalances and pipeline penalties.

Natural Gas Rates and Services for Fort McCoy

NSPW proposed changes to its rates and tariffs applicable to Fort McCoy in order to reflect the rates and services agreed upon in NSPW's new contract with Fort McCoy. NSPW will begin providing additional capacity to Fort McCoy in November 2008. NSPW is authorized to pass on to Fort McCoy the incremental capacity costs by charging a higher demand rate in November 2008. Revised tariff Schedule SSS-CD System Supply Service – Contract Demand is included in Appendix C.

Additional Tariff Changes

NSPW and Commission staff proposed numerous natural gas tariff changes which provide information regarding financing programs for new customers, update and clarify the tariffs, and make the tariffs consistent with current administrative code provisions. These revised tariffs are approved by the Commission and are contained in Appendix C.

Effective Date

This Final Decision shall be effective one day after the date of mailing. The authorized rates and rules shall also be effective on the same date, provided that the rates are filed with the Commission and placed in all offices and pay stations of the utility by that date. If the authorized rates and rules are not placed in all offices and pay stations by the effective date of the Final Decision, the rates shall become effective on the date that the rates are placed in all offices and pay stations. NSPW shall inform the Commission, in writing, of the date that the authorized rates and rules are to take effect.

Order

1. This Final Decision shall be effective one day after the date of mailing. The authorized rates and rules shall also be effective on the same date, provided that the rates are filed with the Commission and placed in all offices and pay stations of the utility by that date. If the authorized rates and rules are not placed in all offices and pay stations by the effective date of the Final Decision, the rates shall become effective on the date that the rates are placed in all offices and pay stations. NSPW shall inform the Commission, in writing, of the date that the authorized rates and rules are to take effect.

2. NSPW shall prepare bill inserts that appropriately identify the rates authorized in the Final Decision. NSPW shall distribute the inserts to customers with the first billing containing the rates authorized in this Final Decision and shall file copies of these inserts with the Commission before it distributes the inserts to customers.

3. NSPW is authorized to substitute, for its existing rates and rules for electric and natural gas utility service, the rate and rule changes contained in Appendices B and C. These changes shall be in effect until the issuance of an order by the Commission establishing new rates and rules.

4. The fuel costs in Appendix D shall be used for monthly monitoring of NSPW's fuel costs, pursuant to Wis. Admin. Code ch. PSC 116.

5. NSPW shall report monthly to the Commission its actual total system cost of generation and purchased energy less revenues from opportunity sales of energy and capacity (monitored fuel costs). NSPW shall otherwise comply with the fuel cost determination and monitoring ranges as set forth in the Findings of Fact.

6. NSPW shall file forecasted and actual expense data on a consistent basis in future rate case filings or provide a reconciliation between the two methods.

7. NSPW shall work with CUB and Commission staff to establish a meeting timetable, within 90 days of the Final Decision in this proceeding, for the purposes of identification of enhanced metering features and service options and development of an implementation plan.

8. NSPW shall work with Commission staff to develop holding company filing requirements to be filed annually on May 1.

9. NSPW shall file a complete forecast of its balance sheets for the bridge year and the test year in future rate case filings.

10. NSPW shall work with Commission staff to develop measures of success for its 2008 customer service conservation and load management activities, using 2007 measures of success as a starting point.

11. NSPW is authorized to implement the proposed Advance Renewable Tariff.

12. Jurisdiction is retained.

Dated at Madison, Wisconsin, January 8, 2008

By the Commission:

Sandra J. Paske
Sandra J. Paske
Secretary to the Commission

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See attached Notice of Appeal Rights

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 9/28/98

APPENDIX A
(CONTESTED)

In order to comply with Wis. Stat. § 227.47, the following parties who appeared before the agency are considered parties for purposes of review under Wis. Stat. § 227.53.

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WISCONSIN PAPER COUNCIL

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Northern States Power Company (Wisconsin)
SUMMARY OF ELECTRIC REVENUE
FOR TEST YEAR 2008

INDIVIDUAL RATE CLASSES	PRESENT REVENUES	AUTHORIZED REVENUES	DOLLAR INCREASE	PERCENT INCREASE
Rg-1 (Residential)	\$ 168,290,061	\$ 182,378,975	\$ 14,088,914	8.37%
Rg-2 (Residential - Optional Time-of-Day)	9,982,357	10,699,528	717,171	7.18%
Fg-1 (Farm Service)	6,748,058	7,348,308	600,250	8.90%
Cg-6 (Optional Off-Peak Service -- Res.)	39,667	42,633	2,966	7.48%
S-1 (Automatic Protective Lighting -- Res.)	458,571	491,440	32,869	7.17%
Cg-1 (Small General - Optional Time-of-Day)	370,766	398,916	28,150	7.59%
Cg-2 (Small General Non-TOD)	36,110,961	39,221,202	3,110,241	8.61%
S-1 (Automatic Protective Lighting -- Com.)	486,021	523,142	37,121	7.64%
Ms-6 (Underground Area Lighting - Private)	30,798	32,703	1,905	6.19%
Cg-5 (General Service TOD)	81,011,172	86,845,141	5,833,969	7.20%
Cg-6 (Optional Off-Peak Service -- C&I)	155,541	167,715	12,174	7.83%
Cp-2 (Peak Controlled Non-TOD)	2,207,769	2,359,737	151,968	6.88%
Cg-9 (Large General TOD)	123,464,281	133,978,727	10,514,446	8.52%
DS-1 (Military Fac. Distrib. Service)	356,985	386,809	29,824	8.35%
Cp-1 (Peak Controlled Service)	38,018,207	41,065,307	3,047,100	8.01%
RTP-1 (Real-Time Pricing)	11,274,272	12,089,619	815,347	7.23%
Ms-2 (Company Owned Street Lighting)	3,058,634	3,257,279	198,645	6.49%
Ms-3 (Cust. Owned Incand./Fluor. Lighting)	6,022	6,436	414	6.87%
Ms-4 (Customer Owned Lighting)	542,745	580,696	37,951	6.99%
Ms-6 (Underground Area Lighting - Public)	252,348	267,933	15,585	6.18%
Ms-7 (Metered - Customer Owned Lighting)	35,424	37,934	2,510	7.09%
Mp-1 (Municipal Water Pumping)	987,933	1,076,938	89,005	9.01%
Mz-3 (Fire Siren Service)	2,246	2,427	181	8.06%
Pg-2 (Parallel Generation Service)	410	362	(48)	-11.71%
TOTAL ELECTRIC RETAIL SALES	483,891,249	523,259,908	39,368,659	8.14%
Interdepartmental Sales	90,140	97,355	7,215	8.00%
TOTAL ELECTRIC	\$ 483,981,389	\$ 523,357,263	\$ 39,375,874	8.14%

Northern States Power Company (Wisconsin)
ELECTRIC RATES

RATE CLASS & RATE DESCRIPTIONS	PRESENT RATES	AUTHORIZED RATES
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RESIDENTIAL SERVICE, Rg-1

Customer Charge (per Month)	Single-Phase	\$8.00	\$8.00
	Three-Phase	\$10.00	\$10.00
Water Heating Meter Chg. (per Month per Meter)		\$2.00	\$2.00
Load Management Credit (per Month):			
Water Heating		\$2.00	\$2.00
Air Conditioning (Summer Only)		\$6.00	\$6.00
Energy Charge (per kWh)	Summer	9.2569 ¢	10.1637 ¢
	Non-Summer	8.2569 ¢	9.1637 ¢
Fuel Cost Surcharge (per kWh)		0.0950 ¢	0.0000 ¢

RESIDENTIAL TOD SERVICE, Rg-2

Customer Charge (per Month)	Single-Phase	\$9.00	\$8.00
	Three-Phase	\$11.00	\$10.00
Energy Charge (per kWh):	On-Peak (Summer)	17.6319 ¢	19.2890 ¢
	On-Peak (Non-Summer)	16.2479 ¢	17.7890 ¢
	Off-Peak (Summer)	4.2259 ¢	4.7030 ¢
	Off-Peak (Non-Summer)	4.2259 ¢	4.7030 ¢
Fuel Cost Surcharge (per kWh)		0.0950 ¢	0.0000 ¢

FARM SERVICE, Fg-1

Customer Charge (per Month):	Single-Phase	\$8.00	\$8.00
	Three-Phase	\$10.00	\$10.00
Load Management Credit (per Month):			
Water Heating		\$2.00	\$2.00
Air Conditioning (Summer Only)		\$6.00	\$6.00
Energy Charge (per kWh)	Summer	9.2569 ¢	10.1637 ¢
	Non-Summer	8.2569 ¢	9.1637 ¢
Fuel Cost Surcharge (per kWh)		0.0950 ¢	0.0000 ¢

SMALL GENERAL SERVICE, Cg-2

Customer Charge (per Month):	Single-Phase	\$8.00	\$8.00
	Three-Phase	\$10.00	\$10.00
Un-metered Cust. Charge (per Month):	Single-Phase	\$4.50	\$4.50
	Three-Phase	\$6.50	\$6.50
Water Heating Meter Chg. (per Month per Meter)		\$2.00	\$2.00
Energy Charge (per kWh)	Summer	9.2569 ¢	10.1637 ¢
	Non-Summer	8.2569 ¢	9.1637 ¢
Act 141 \$ in Base Rates		NA	0.0840 ¢
Approx. Act 141 \$ in Lg. Cust. Rates		NA	0.0500 ¢
Fuel Cost Surcharge (per kWh)		0.0950 ¢	0.000 ¢

Northern States Power Company (Wisconsin)
ELECTRIC RATES

RATE CLASS & RATE DESCRIPTIONS		PRESENT RATES	AUTHORIZED RATES
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SMALL GENERAL TOD SERVICE, Cg-1

Customer Charge (per Month):	Single-Phase	\$9.00	\$8.00
	Three-Phase	\$11.00	\$10.00
Energy Charge (per kWh):	On-Peak (Summer)	17.6319 ¢	19.2890 ¢
		16.2479 ¢	17.7890 ¢
	Off-Peak (Summer)	4.2259 ¢	4.7030 ¢
		4.2259 ¢	4.7030 ¢
Fuel Cost Surcharge (per kWh)		0.0950 ¢	0.0000 ¢

GENERAL SERVICE, Cg-5

Customer Charge (per Month)		\$30.00	\$30.00
Demand Charges (per kW):	Secondary (Summer)	\$9.95	\$10.65
	Secondary (Non-Summer)	\$8.15	\$8.65
	Primary (Summer)	\$9.55	\$10.15
	Primary (Non-Summer)	\$7.79	\$8.20
Energy Charge (per kWh)	Summer	4.7849 ¢	5.2420 ¢
	Non-Summer	4.2849 ¢	4.7420 ¢
Act 141 \$ in Base Rates		NA	0.0840 ¢
Approx. Act 141 \$ in Lg.Cust. Rates		NA	0.0390 ¢
Primary Volt. Energy Discount (per kWh)		2.00%	2.00%
Primary Volt. Demand Discount (per kW)	Summer	\$0.40	\$0.50
[Discounts Reflected Above]	Non-Summer	\$0.36	\$0.45
Energy Charge Credit (per kWh in excess of 400 hours x Billed kW)		0.7000 ¢	0.7000 ¢
Fuel Cost Surcharge (per kWh)		0.0950 ¢	0.0000 ¢

PEAK CONTROLLED SERVICE, Cp-2

Customer Charge (per Month)		\$40.00	\$40.00
Demand Charges (per kW):			
Firm Demand:	Secondary (Summer)	\$9.95	\$10.65
	Secondary (Non-Summer)	\$8.15	\$8.65
	Primary (Summer)	\$9.55	\$10.15
	Primary (Non-Summer)	\$7.79	\$8.20
Controlled Demand:	Secondary (Summer)	\$6.87	\$5.94
	Secondary (Non-Summer)	\$5.07	\$5.94
	Primary (Summer)	\$6.53	\$5.54
	Primary (Non-Summer)	\$4.77	\$5.54
Energy Charge (per kWh)	Summer	4.7849 ¢	5.2420 ¢
	Non-Summer	4.2849 ¢	4.7420 ¢
Act 141 \$ in Base Rates		NA	0.0840 ¢
Approx. Act 141 \$ in Lg.Cust. Rates		NA	0.0300 ¢
Primary Volt. Energy Discount (per kWh)		2.00%	2.00%
Primary Volt. Demand Discount (per kW)	Summer	\$0.40	\$0.50
	Non-Summer	\$0.36	\$0.45
[Discounts Reflected Above]			
Energy Charge Credit (per kWh in excess of 400 hours x Billed kW)		0.700 ¢	0.700 ¢
Fuel Cost Surcharge (per kWh)		0.095 ¢	0.000 ¢

Northern States Power Company (Wisconsin)
ELECTRIC RATES

RATE CLASS & RATE DESCRIPTIONS	PRESENT RATES	AUTHORIZED RATES
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OPTIONAL OFF-PEAK SERVICE, Cg-6

Customer Charge (per Month):	Single-Phase	\$4.00	\$4.00
	Three-Phase	\$10.00	\$10.00
Energy Charge (per kWh)	Secondary (Summer)	3.9049 ¢	4.3320 ¢
	Secondary (Non-Summer)	3.9049 ¢	4.3320 ¢
	Primary (Summer)	3.8268 ¢	4.2454 ¢
	Primary (Non-Summer)	3.8268 ¢	4.2454 ¢
Non-Authorized Use Charge (per kWh)		20.000 ¢	20.000 ¢
Fuel Cost Surcharge (per kWh)		0.0950 ¢	0.0000 ¢

LARGE GENERAL TOD SERVICE, Cg-9

Customer Charge (per Month):	Mandatory	\$155.00	\$155.00
	Optional	\$55.00	\$55.00
On-Peak Demand Charges (per kW):	Secondary (Summer)	\$8.60	\$9.20
	Secondary (Non-Summer)	\$6.80	\$7.20
	Primary (Summer)	\$8.43	\$9.02
	Primary (Non-Summer)	\$6.66	\$7.06
	Trans. Transformed (Sum.)	\$8.13	\$8.69
	Tr. Transform. (Non-Sum.)	\$6.43	\$6.80
	Transmission (Summer)	\$8.08	\$8.65
	Transmission (Non-Sum.)	\$6.39	\$6.77
Customer Demand Charges (per kW):	Secondary	\$1.10	\$1.20
	Primary	\$0.90	\$0.90
	Trans. Transformed	\$0.50	\$0.50
	Transmission	\$0.00	\$0.00
Energy Charge (per kWh):	On-Peak (Summer)	5.9739 ¢	6.8440 ¢
	On-Peak (Non-Summer)	5.4739 ¢	6.1440 ¢
	Off-Peak (Summer)	3.5259 ¢	3.9060 ¢
	Off-Peak (Non-Summer)	3.5259 ¢	3.9060 ¢
Act 141 \$ in Base Rates		NA	0.0840 ¢
Approx. Act 141 \$ in Lg.Cust. Rates		NA	0.0350 ¢
Voltage Discounts - Energy:	Primary	2.00%	2.00%
	Trans. Transformed	5.50%	5.50%
	Transmission	6.00%	6.00%
Voltage Discounts = 2% [Reflected in Demand Charges Above]:			
On-Peak (per kW):	Primary (Summer)	\$0.17	\$0.18
	Primary (Non-Summer)	\$0.14	\$0.14
	Trans. Transformed (Sum.)	\$0.47	\$0.51
	Tr. Transform. (Non-Sum.)	\$0.37	\$0.40
	Transmission (Summer)	\$0.52	\$0.55
	Transmission (Non-Sum.)	\$0.41	\$0.43
Customer (per kW):	Primary	\$0.20	\$0.30
	Trans. Transformed	\$0.60	\$0.70
	Transmission	\$1.10	\$1.20
Energy Charge Credit (Applies up to 400 hours & Limited to 50% of kWh)		0.7000 ¢	0.7000 ¢
Fuel Cost Surcharge (per kWh)		0.0950 ¢	0.0000 ¢

Northern States Power Company (Wisconsin)
ELECTRIC RATES

RATE CLASS & RATE DESCRIPTIONS		PRESENT RATES	AUTHORIZED RATES
PEAK CONTROLLED TOD SERVICE, Cp-1			
Customer Charge (per Month):	Demands >200 kW	\$175.00	\$175.00
	Demands ≤ 200 kW	\$75.00	\$75.00
On-Peak Demand Charges (per kW):	Secondary (Summer)	\$8.60	\$9.20
	Secondary (Non-Summer)	\$6.80	\$7.20
	Primary (Summer)	\$8.43	\$9.02
	Primary (Non-Summer)	\$6.66	\$7.06
	Trans. Transformed (Sum.)	\$8.13	\$8.69
	Tr. Transform. (Non-Sum.)	\$6.43	\$6.80
	Transmission (Summer)	\$8.08	\$8.65
	Transmission (Non-Sum.)	\$6.39	\$6.77
Customer Demand Charges (per kW):	Secondary	\$1.10	\$1.20
	Primary	\$0.90	\$0.90
	Trans. Transformed	\$0.50	\$0.50
	Transmission	\$0.00	\$0.00
Controlled Demand Charges (per kW):	Secondary (Summer)	\$5.52	\$4.49
	Secondary (Non-Summer)	\$3.72	\$4.49
	Primary (Summer)	\$5.41	\$4.40
	Primary (Non-Summer)	\$3.64	\$4.40
	Trans. Transformed (Sum.)	\$5.22	\$4.24
	Tr. Transform. (Non-Sum.)	\$3.52	\$4.24
	Transmission (Summer)	\$5.09	\$4.22
	Transmission (Non-Sum.)	\$3.40	\$4.22
Energy Charge (per kWh):	On-Peak (Summer)	5.9739 ¢	6.8440 ¢
	On-Peak (Non-Summer)	5.4739 ¢	6.1440 ¢
	Off-Peak (Summer)	3.5259 ¢	3.9060 ¢
	Off-Peak (Non-Summer)	3.5259 ¢	3.9060 ¢
Act 141 \$ in Base Rates		NA	0.0840 ¢
Approx. Act 141 \$ in Lg.Cust. Rates		NA	0.0380 ¢
Voltage Discounts - Energy:	Primary	2.00%	2.00%
	Trans. Transformed	5.50%	5.50%
	Transmission	6.00%	6.00%
Voltage Discounts [Reflected in Demand Charges Above]:			
On-Peak (per kW):	Primary (Summer)	\$0.17	\$0.18
	Primary (Non-Summer)	\$0.14	\$0.14
	Trans. Transformed (Sum.)	\$0.47	\$0.51
	Tr. Transform. (Non-Sum.)	\$0.37	\$0.40
	Transmission (Summer)	\$0.52	\$0.55
	Transmission (Non-Sum.)	\$0.41	\$0.43
Customer (per kW):	Primary	\$0.20	\$0.30
	Trans. Transformed	\$0.60	\$0.70
	Transmission	\$1.10	\$1.20
Energy Charge Credit (Applies up to 400 hours & Limited to 50% of kWh)		0.700 ¢	0.700 ¢
Fuel Cost Surcharge (per kWh)		0.095 ¢	0.000 ¢

Northern States Power Company (Wisconsin)
ELECTRIC RATES

RATE CLASS & RATE DESCRIPTIONS	PRESENT RATES	AUTHORIZED RATES
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MILITARY FACILITY DISTRIBUTION SERVICE, DS-1

Distribution Service Charge (per kW)	\$3.95	\$4.28
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EXPERIMENTAL REAL TIME PRICING, RTP-1

Customer Charge (per Month)		\$300.00	\$300.00
Contract Demand Charges (per kW):	Secondary	\$8.60	\$9.20
	Primary	\$8.43	\$9.02
	Trans. Transformed	\$7.56	\$8.06
	Transmission	\$7.52	\$8.02
Distribution Demand Charges (per kW):	Secondary	\$1.10	\$1.20
	Primary	\$0.90	\$0.90
	Trans. Transformed	\$0.50	\$0.50
	Transmission	\$0.00	\$0.00
Energy Charges (per kWh):		Hourly Energy Prices included in the attached tariff schedule	
Approx. Act 141 \$ in Lg.Cust. Rates		NA	0.024 ¢
Energy Voltage Discounts (per kWh):	Primary	0.070 ¢	0.093 ¢
	Trans. Transformed	0.200 ¢	0.248 ¢
	Transmission	0.220 ¢	0.271 ¢
Ltd. Energy Surcharge (per kWh)		10.2259 ¢	10.9022 ¢
Energy Charge Credit (Applies up to 400 hours & Limited to 50% of kWh)		0.6100 ¢	0.6100 ¢
Fuel Cost Surcharge (per kWh)		0.0950 ¢	0.0000 ¢

AUTOMATIC PROTECTIVE LIGHTING, S-1

Monthly Charges (per Unit):		
175 Watt MV Lamps (Closed)	\$7.17	\$7.80
250 Watt MV Lamps (Closed)	\$9.49	\$10.36
400 Watt MV Lamps (Closed)	\$12.60	\$13.86
70 Watt HPS Lamps	\$5.27	\$5.64
100 Watt HPS Lamps	\$6.37	\$6.84
150 Watt HPS Lamps	\$7.62	\$8.23
250 Watt HPS Lamps	\$10.18	\$11.08
400 Watt HPS Lamps	\$14.43	\$15.78
Fuel Cost Surcharge (per kWh)	0.095 ¢	0.000 ¢

Northern States Power Company (Wisconsin)
ELECTRIC RATES

RATE CLASS & RATE DESCRIPTIONS	PRESENT RATES	AUTHORIZED RATES
COMPANY OWNED STREET LIGHTING, Ms-2		
Monthly Charges (per Lamp):		
<u>Overhead:</u>		
175 Watt MV Lamps (Closed)	\$10.66	\$11.49
250 Watt MV Lamps (Closed)	\$12.01	\$13.03
400 Watt MV Lamps (Closed)	\$14.61	\$16.01
70 Watt HPS Lamps	\$8.95	\$9.53
100 Watt HPS Lamps	\$9.71	\$10.37
150 Watt HPS Lamps	\$10.72	\$11.52
250 Watt HPS Lamps	\$13.14	\$14.22
400 Watt HPS Lamps	\$16.87	\$18.39
175 Watt MH Lamps	\$12.95	\$13.90
250 Watt MH Lamps	\$15.54	\$16.75
400 Watt MH Lamps	\$19.13	\$20.76
1000 Watt MH Lamps	\$32.47	\$35.76
<u>Underground:</u>		
175 Watt MV Lamps (Closed)	\$15.84	\$16.94
250 Watt MV Lamps (Closed)	\$17.09	\$18.38
70 Watt HPS Lamps	\$13.50	\$14.31
100 Watt HPS Lamps	\$14.25	\$15.15
150 Watt HPS Lamps	\$15.26	\$16.29
250 Watt HPS Lamps	\$17.89	\$19.22
400 Watt HPS Lamps	\$21.41	\$23.16
175 Watt MH Lamps	\$21.75	\$23.16
250 Watt MH Lamps	\$23.43	\$25.05
400 Watt MH Lamps	\$26.91	\$28.95
1000 Watt MH Lamps	\$39.82	\$43.49
<u>Decorative Underground:</u>		
100 Watt HPS Lamps	\$30.78	\$32.54
150 Watt HPS Lamps	\$32.04	\$33.95
250 Watt HPS Lamps	\$34.57	\$36.77
400 Watt HPS Lamps	\$38.27	\$40.90
175 Watt MH Lamps	\$33.46	\$35.48
250 Watt MH Lamps	\$35.15	\$37.38
400 Watt MH Lamps	\$38.64	\$41.29
1000 Watt MH Lamps	\$51.61	\$55.89
<u>Maintenance Option:</u>		
100 Watt HPS Lamps	\$7.15	\$7.68
150 Watt HPS Lamps	\$8.44	\$9.12
250 Watt HPS Lamps	\$10.97	\$11.94
400 Watt HPS Lamps	\$14.67	\$16.07
175 Watt MH Lamps	\$9.86	\$10.65
250 Watt MH Lamps	\$11.55	\$12.55
400 Watt MH Lamps	\$15.04	\$16.46
1000 Watt MH Lamps	\$28.01	\$31.07
Fuel Cost Surcharge (per kWh)	0.095 ¢	0.000 ¢

Northern States Power Company (Wisconsin)
ELECTRIC RATES

RATE CLASS & RATE DESCRIPTIONS	PRESENT RATES	AUTHORIZED RATES
CUSTOMER OWNED STREET LIGHTING, Ms-4		
Monthly Charges (per Lamp):		
Group I - Energy and Maintenance:		
175 Watt MV Lamps	\$5.79	\$6.30
250 Watt MV Lamps	\$7.01	\$7.69
400 Watt MV Lamps	\$9.83	\$10.86
700 Watt MV Lamps	\$15.38	\$17.12
1000 Watt MV Lamps	\$20.60	\$23.02
50 Watt HPS Lamps	\$3.66	\$3.89
70 Watt HPS Lamps	\$4.04	\$4.31
100 Watt HPS Lamps	\$4.76	\$5.11
150 Watt HPS Lamps	\$5.58	\$6.04
250 Watt HPS Lamps	\$8.05	\$8.77
400 Watt HPS Lamps	\$10.89	\$11.97
Group I - Energy and Maintenance (No Paint):		
175 Watt MV Lamps	\$5.54	\$6.05
250 Watt MV Lamps	\$6.76	\$7.44
400 Watt MV Lamps	\$9.58	\$10.61
700 Watt MV Lamps	\$15.13	\$16.87
1000 Watt MV Lamps	\$20.35	\$22.77
50 Watt HPS Lamps	\$3.41	\$3.64
70 Watt HPS Lamps	\$3.79	\$4.06
100 Watt HPS Lamps	\$4.51	\$4.86
150 Watt HPS Lamps	\$5.33	\$5.79
250 Watt HPS Lamps	\$7.80	\$8.52
400 Watt HPS Lamps	\$10.64	\$11.72
Group II - Energy Only:		
100 Watt MV Lamps	\$2.24	\$2.40
175 Watt MV Lamps	\$3.55	\$3.83
400 Watt MV Lamps	\$7.80	\$8.44
700 Watt MV Lamps	\$13.28	\$14.40
1000 Watt MV Lamps	\$18.51	\$20.11
35 Watt HPS Lamps	\$0.75	\$0.81
50 Watt HPS Lamps	\$1.08	\$1.16
70 Watt HPS Lamps	\$1.42	\$1.53
100 Watt HPS Lamps	\$2.15	\$2.31
150 Watt HPS Lamps	\$3.33	\$3.57
200 Watt HPS Lamps	\$4.20	\$4.52
250 Watt HPS Lamps	\$5.07	\$5.47
400 Watt HPS Lamps	\$7.98	\$8.62
1000 Watt HPS Lamps	\$17.91	\$19.51
Fuel Cost Surcharge (per kWh)	0.095 ¢	0.000 ¢

Northern States Power Company (Wisconsin)
ELECTRIC RATES

RATE CLASS & RATE DESCRIPTIONS	PRESENT RATES	AUTHORIZED RATES
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COMPANY OWNED STREET LIGHTING, Ms-4.2 (Closed)

Ornamental:		
250 Watt MV Lamps	\$13.52	\$14.62
400 Watt MV Lamps	\$15.83	\$17.29
150 Watt HPS Lamps	\$13.70	\$14.65
250 Watt HPS Lamps	\$16.02	\$17.25
Fuel Cost Surcharge (per kWh)	0.095 ¢	0.000 ¢

UNDERGROUND AREA LIGHTING, Ms-6

Monthly Charges (per Lamp):		
175 Watt MV Lamps	\$13.87	\$14.87
100 Watt HPS Lamps	\$12.51	\$13.32
150 Watt HPS Lamps	\$14.16	\$15.14
Fuel Cost Surcharge (per kWh)	0.095 ¢	0.000 ¢

METERED CUSTOMER OWNED STREET LIGHTING, Ms-7

Customer Charge (per Month)	\$7.25	\$7.25
Energy Charge (per kWh)	4.7449 ¢	5.2100 ¢
Fuel Cost Surcharge (per kWh)	0.095 ¢	0.000 ¢

COMPANY OWNED STREET LIGHTING, Ms-3 (Closed)

Monthly Charges (per Lamp):		
2,500 Lumen - Incand. (AN)	\$6.72	\$7.26
4,000 Lumen - Incand. (AN)	\$8.15	\$8.80
6,000 Lumen - Incand. (AN)	\$9.77	\$10.55
10,000 Lumen - Incand. (AN)	\$12.94	\$13.98
F72H0 - Fluorescent (2AN)	\$13.34	\$14.41
F72H0 - Fluor. (2AN+2MN)	\$11.79	\$12.73
Fuel Cost Surcharge (per kWh)	0.095 ¢	0.000 ¢

MUNICIPAL WATER PUMPING, Mp-1

Customer Charge (per Month)	\$10.00	\$10.00
Minimum Charge: Cust. Chg. + All hp > 5 (per hp)	\$0.80	\$0.80
Energy Charge (per kWh) Summer	9.2569 ¢	10.1637 ¢
Non-Summer	8.2569 ¢	9.1637 ¢
Primary Voltage Energy Discount (per kWh)	4.69%	2.00%
Fuel Cost Surcharge (per kWh)	0.095 ¢	0.000 ¢

FIRE SIREN SERVICE, Mz-3

Minimum Charge (per Month)	\$2.00	\$2.00
Rate per hp of Connected Capacity	34.50 ¢	37.50 ¢

Northern States Power Company (Wisconsin)
ELECTRIC RATES

RATE CLASS & RATE DESCRIPTIONS	PRESENT RATES	AUTHORIZED RATES
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PARALLEL GENERATION, Pg-1 (Net Energy Billing)

Customer Charge (per Month):		
Non-TOD Service	\$0.00	\$0.00
TOD Service	\$1.00	\$0.00
Upfront Charge (plus Finance Chgs.)	\$278.00	\$0.00

PARALLEL GENERATION, Pg-2

Customer Charge (per Month):			
For Generator Rating: 21-100 kW:	Delivering < 200 amps	\$6.60	\$6.50
	Delivering > 200 amps	\$8.70	\$8.60
For Generator Rating: > 100 kW		17.10	\$15.10
Standard Energy Payments - based on Delivery Voltage (per kWh):			
Transmission Voltage:	On-Peak	7.940 ¢	9.920 ¢
	Off-Peak	3.040 ¢	4.250 ¢
	Average (for Pg-1.1)	4.740 ¢	6.220 ¢
Primary Voltage:	On-Peak	8.280 ¢	10.340 ¢
	Off-Peak	3.170 ¢	4.430 ¢
	Average (for Pg-1.1)	4.940 ¢	6.490 ¢
Secondary Voltage	On-Peak	8.050 ¢	10.070 ¢
	Off-Peak	3.080 ¢	4.320 ¢
	Average (for Pg-1.1)	4.810 ¢	6.320 ¢

HYDRO ENERGY PURCHASE, Pg-2.2 (Closed)

Customer Charge (per Month):			
For Generator Rating: 21-100 kW:	Delivering < 200 amps	\$6.60	\$6.50
	Delivering > 200 amps	\$8.70	\$8.60
For Generator Rating: > 100 kW		17.10	\$15.10
Capacity Rate (Primary) paid per kWh:			
35-Year Option:			
Service beginning in 1992		4.220 ¢	4.220 ¢
Average Energy Rate (Primary):			
For Service in 1996 & After Until Changed by PSC Order		2.330 ¢	3.060 ¢

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

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SCHEDULE

WISCONSIN ELECTRIC RATE BOOK

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AMENDMENT NO. XXX

CITIES, VILLAGES AND TOWNS SERVED - RETAIL

<u>Cities</u>			<u>Towns by County</u>
Abbotsford-Clark		Sparta	
Abbotsford-Marathon		Spooner	
Alma		Stanley	
Altoona		St.Croix Falls	
Amery		Thorp	
Ashland		Viroqua	
Augusta		Washburn	
Barron		Whitehall	
Bayfield			
Blair		<u>Villages</u>	
Buffalo City		Alma Center	
Chetek		Almena	
Chippewa Falls		Athens	
Colby-Clark		Baldwin	
Colby-Marathon		Bay City	
Cornell		Birchwood	
Durand		Boyceville	
Eau Claire-Chippewa		Boyd	
Eau Claire-Eau Claire		Bruce	
Fountain City		Butternut	
Galesville		Cameron	
Glenwood City		Cashton	
Greenwood		Catawba	
Hayward		Chaseburg	
Hudson		Clayton	
Hurley		Clear Lake	
Independence		Cochrane	
La Crosse		Colfax	
Ladysmith		Conrath	
Loyal		Coon Valley	
Mellen		Curtiss	
Menomonie		Dallas	
Mondovi		Deer Park	
Montreal		DeSoto-Crawford	
Neillsville		DeSoto-Vernon	
New Richmond		Dorchester	
Onalaska		Downing	
Osseo		Dresser	
Owen		Eleva	
Park Falls		Elk Mound	
Phillips		Ellsworth	
Prescott		Elmwood	
Rice Lake		Ettrick	
Shell Lake		Fairchild	
		Fall Creek	
		Genoa	
		Gilman	
		Glen Flora	
		Granton	
		Hammond	
		Haugen	
		Hawkins	
		Hixton	
		Holmen	
		Ingram	
		Kennan	
		Knapp	
		Lublin	
		Luck	
		Maiden Rock	
		Mason	
		Melrose	
		Melvina	
		Nelson	
		New Auburn-Barron	
		New Auburn-Chippewa	
		North Hudson	
		Norwalk	
		Osceola	
		Pepin	
		Pigeon Falls	
		Plum City	
		Prairie Farm	
		Prentice	
		Rib Lake	
		Ridgeland	
		Roberts	
		Rockland	
		Sheldon	
		Somerset	
		Spencer	
		Spring Valley	
		Star Prairie	
		Stetsonville	
		Stockholm	
		Stoddard	
		Strum	
		Taylor	
		Tony	
		Trempealeau	
		Turtle Lake-Barron	
		Turtle Lake-Polk	
		Unity-Clark	
		Unity-Marathon	
		West Salem	
		Weyerhaeuser	
		Wheeler	
		Nelson	
		Withee	
		Woodville	
			<u>Ashland County</u>
			Agenda
			Ashland
			Chippewa
			Gingles
			Gordon
			Jacobs
			La Pointe
			Marengo
			Morse
			Pecksville
			Sanborn
			Shanagolden
			White River
			<u>Barron Country</u>
			Almena
			Arland
			Barron
			Bear Lake
			Cedar Lake
			Chetek
			Clinton
			Crystal Lake
			Cumberland
			Dallas
			Dovre
			Doyle
			Lakeland
			Maple Grove
			Maple Plain
			Oak Grove
			Prairie Farm
			Prairie Lake
			Rice Lake
			Sioux Creek
			Stanford
			Stanley
			Sumner
			Turtle Lake
			Vance Creek

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EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 2

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SCHEDULE

WISCONSIN ELECTRIC RATE BOOK

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CITIES, VILLAGES AND TOWNS SERVED - RETAIL

<u>Bayfield County</u>	<u>Chippewa Co. (contd)</u>	<u>Dunn Co. (contd)</u>	<u>La Crosse County</u>
Barksdale	Sigel	Sherman	Bangor
Bayfield	Tilden	Spring Brook	Barre
Bayview	Wheaton	Stanton	Burns
Bell	Woodmohr	Tainter	Campbell
Cable		Tiffany	Farmington
Clover	<u>Clark County</u>	Weston	Greenfield
Drummond		Wilson	Hamilton
Eileen	Beaver		Holland
Grand View	Colby	<u>Eau Claire County</u>	Medary
Iron River	Eaton		Onalaska
Kelly	Foster	Bridge Creek	Shelby
Keystone	Fremont	Brunswick	Washington
Lincoln	Grant	Clear Creek	N
Mason	Green Grove	Drammen	<u>Lincoln County</u>
Namekagon	Hixon	Fairchild	
Orienta	Hoard	Lincoln	Somo
Oulu	Longwood	Otter Creek	
Port Wing	Loyal	Seymour	<u>Marathon County</u>
Russell	Lynn	Union	
Tripp	Mayville	Washington	Bern
Washburn	Mentor		Brighton
	Pine Valley	<u>Iron County</u>	Frankfort
<u>Buffalo County</u>	Reseburg		Halsay
Alma	Sherman	Anderson	Holton
Belvidere	Thorp	Carey	Hull
Buffalo	Unity	Gurney	Johnson
Canton	Warner	Kimball	Rietbrock
Glencoe	Weston	Knight	Spencer
Lincoln	Withee	Mercer	Wien
Mondovi	Worden	Oma	
Montana	N York	Pence	
Nelson	N <u>Crawford County</u>	Saxon	<u>Monroe County</u>
Naples		Sherman	
Waumandee	Freeman	<u>Jackson County</u>	Angelo
			Greenfield
<u>Chippewa County</u>	<u>Dunn County</u>		Jefferson
Anson	Colfax	Adams	Lafayette
Auburn	Dunn	Alma	Leon
Bloomer	Eau Galle	Brockway	Little Falls
Cooks Valley	Elk Mound	Cleveland	New Lyme
Delmar	Lucas	Curran	Portland
Eagle Point	Hay river	Garden Valley	Ridgeville
Edson	Menomonie	Hixton	Sheldon
Goetz	New Haven	Melrose	N Sparta
Hallie	Otter Creek	North Bend	Wells
Howard	Red Cedar	Northfield	
Lafayette	Sand Creek	Springfield	<u>Oneida County</u>
Ruby	Sheridan		Lynne

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PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 2

SHEET NO. E 8

SCHEDULE

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

CITIES, VILLAGES AND TOWNS SERVED - RETAIL

<u>Pepin County</u>	<u>Price County</u>	<u>St. Croix County</u>	<u>Trempealeau County</u>
Durand	Catawba	N Baldwin	Albion
Lima	Eisenstein	Cady	Burnside
Pepin	Elk	Cylon	Caledonia
Stockholm	Emery	Eau Galle	Dodge
Waterville	Fifield	Emerald	Ettrick
Waubeek	Flambeau	Forrest	Gale
	Georgetown	Glenwood	Hale
<u>Pierce County</u>	Hackett	Hammond	Lincoln
Clifton	Harmony	Hudson	Pigeon
Ellsworth	Hill	Kinnickinnic	Preston
El Paso	Kennan	Richmond	Sumner
Gilman	Knox	Rush River	Trempealeau
Hartland	Lake	St. Joseph	Unity
Isabelle	Ogema	Somerset	
Maiden Rock	Prentice	Springfield	<u>Vernon County</u>
Oak Grove	Worcester	Stanton	Bergen
Rock Elm		Star Prairie	Christiana
River Falls	<u>Rusk County</u>	Troy	Coon
Salem	N Atlanta	Warren	Genoa
Spring Lake	Big Bend		Hamburg
Trenton	Big Falls	<u>Sawyer County</u>	Harmony
Trimbelle	Dewey	Bass Lake	Jefferson
Union	Flambeau	Couderay	Sterling
	Grant	Edgewater	Viroqua
<u>Polk County</u>	Grow	Hayward	Wheatland
Alden	Hawkins	Lenroot	
Apple River	Lawrence	Round Lake	<u>Vilas County</u>
Beaver	Marshall	Sand Lake	Boulder Junction
Black Brook	Richland		Manitowish Waters
Bone Lake	South Fork	N <u>Taylor County</u>	Presque Isle
Clayton	Strickland		Winchester
Clear Lake	Stubbs	Chelsea	
Farmington	Thornapple	Ford	<u>Washburn County</u>
Garfield	True	Greenwood	Barronett
Johnstown	Wilson	Little Black	Bashaw
Lincoln		Rib Lake	Beaver Brook
Luck		Roosevelt	Birchwood
McKinley		Taft	Evergreen
Osceola		Westboro	Long Lake
St. Croix Falls			Sarona
			Spring Brook
			Stinnett
			Stone Lake
			Trego

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
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SCHEDULE Rg-2

WISCONSIN ELECTRIC RATE BOOK

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AMENDMENT NO. XXX

RESIDENTIAL TIME-OF-DAY SERVICE

Availability: This rate is available for single- or three-phase electric service for residential use only for lighting, residential appliances, heating, cooking and domestic power furnished through one meter. It is available on an optional basis for all such customers, and on a mandatory basis, as prescribed in Docket 4220-UR-110, for residential customers or successor customers at the same premises whose annual consumption exceeds 60,000 kWh.

Optional T.O.D. Customer

1. Upon expiration of at least three months on this rate schedule, customer may, at his option, transfer to the Residential Service rate (Rg-1). Such change is not subject to a processing charge. R
2. If customer moves, both original and new customer have the option to retain time-of-day billing or to transfer to the Residential Service rate (Rg-1).
3. Upon terminating service under this rate schedule, customer shall not be eligible to begin taking service again under this rate schedule for a minimum period of one year, unless approved by the Company. N
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Mandatory T.O.D.

1. If, upon expiration of a full year on this rate schedule, customer's annual consumption has dropped below 45,000 kWh, customer may, at his option, transfer to the Residential Service rate (Rg-1).
2. If customer moves, new customer shall retain mandatory time-of-day billing. If, upon expiration of a full year on this rate schedule, customer's annual consumption has dropped below 45,000 kWh, customer may, at his option, transfer to the Residential Service rate (Rg-1).

Any customer choosing to be served on this rate schedule waives all rights to any billing adjustments arising from a claim that the bill for the customer's service would be cheaper on any alternative rate schedule for any period of time, including any rights under Wis. Adm. Code section PSC 113.16(4), Reg. March 1979, No. 279.

Rate:Customer Charge per Month

Single Phase

Three Phase

On-Peak Energy Charge per kWh

June—September

October—May

Off-Peak Energy Charge per kWh

Energy Cost Adjustment: Bills subject to the adjustment provided for in Energy Cost Adjustment. See Schedule X-1, Sheet No. E 63

(continued on following sheet)

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP	NORTHERN STATES	REVISION: 6	SHEET NO. E 25.51
	POWER COMPANY		SCHEDULE Cp-2.1
	WISCONSIN		
WISCONSIN ELECTRIC RATE BOOK	VOLUME NO. 7	AMENDMENT NO. XXX	

PEAK CONTROLLED GENERAL SERVICE (contd)

Predetermined Firm Demand A predetermined firm demand level shall be specified and agreed to by the customer and company. Customer's measured demand in excess of the predetermined firm demand during control periods shall be subject to penalty as described in Terms and Conditions, Item 4.

Standard PDL customers must agree to a fixed demand level and limit load to that level during a control period.

Optional PDL customers must agree to reduce demand by a fixed amount during a control period. Customer's PDL will be the monthly adjusted on-peak demand less the fixed load reduction. Customers selecting the Optional PDL must either be equipped with back-up generation to provide the fixed load reduction or have a specific load that can be separately sub-metered and has an annual load factor of 90 % or greater.

Control Period During a billing month, control periods are the periods during which a customer is requested to control demand to the predetermined level.

Firm Billing Demand 1) In months where no control period occurs, the firm billing demand shall be the lesser of predetermined firm demand or measured demand as described in previous paragraph titled "Determination of Billing Demands". 2) In months where one control period occurs, the firm billing demand shall be the measured demand established during the control period. 3) In months where more than one control period occurs and customer has not exceeded predetermined demand level during any control period, the average of the measured demands established during the control periods shall be used for billing purposes. 4) In months where one or more control periods occur and customer has exceeded predetermined demand level during any control period, the firm billing demand shall be the greatest measured demand established during any control period.

Controlled Billing Demand The controlled demand shall be the difference between customer's measured demand and firm billing demand during the billing month, but never less than zero.

Power Factor Charge:

The Power Factor Charge is applicable when customer's measured demand is greater than 100 kW for 4 of 12 months. Power Factor Charge is not applicable if demand remains below 100 kW for 12 consecutive months. When Power Factor Charge is applicable, customer is responsible for an additional charge if the average power factor is less than 90 % in any month. The Power Factor Billing Demand is the product of the Power Factor Adjustment minus one (1) times the Billing Demand. The Power Factor Charge for billing is the product of the Power Factor Billing Demand times the Firm Demand Charge.

Monthly Minimum Charge The monthly minimum charge shall be the customer charge plus any applicable metering charges.

Late Payment Charge A one percent (1%) per month late payment charge will be applied to outstanding charges unpaid 20 days after the date of billing.

Terms and Conditions of Service

1. Customer shall control own load to predetermined demand level.

Customer must:

- a. Provide to company sufficient and accurate contact information to insure proper notice of curtailment periods on a 24-hour basis.

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(continued)

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EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 3

SHEET NO. E 25.52

SCHEDULE Cp-2.2

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

PEAK CONTROLLED GENERAL SERVICE (contd)

- b. Install remote control equipment provided by company, if requested by company.
- c. Provide a continuous 120 volt AC power source at the connection point for operation of the company remote control equipment;
- d. Allow company to inspect and approve the remote control installation and equipment provided by customer.
- e. Allow company to revise type of control system.
- f. Provide telephone jack at point of metering.
- g. Allow company use of existing telephone facilities at no cost to the company.

Company must:

- a. Provide to customer timely electronic notification of the curtailment periods. R
 - b. Maintain an official log of all customer notifications of the curtailment periods. The information will include but not be limited to the date and time of the notification, the customer response to the message and the form of notification used. R
R
2. Company will give customer one hour's notice of an impending control period.
 3. Service interruption under this rate schedule shall be at the discretion of company. The frequency of interruption will normally occur between 6 and 12 days in a calendar year, occurring at such time when company expects to incur a new system peak, or for area protection, and at such other times when, in the company's opinion, the reliability of the system is endangered. The duration of interruption will vary from 2 hours to about 12 hours. Total hours of interruption will not exceed 150 hours per calendar year, excluding interruptions due to physical causes other than intentional curtailment by the company.
 4. If, in any month, customer fails to control load to predetermined demand level when requested by company, an additional charge of \$13.80 per kW per occurrence shall be applied to the amount by which customer's maximum measured demand during any control period exceeds predetermined firm demand. If customer incurs three failures to control load to predetermined firm demand level when requested by company, the company reserves the right to renegotiate the predetermined firm demand level or remove customer from the peak controlled service. Further,

(continued)

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EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 7

SHEET NO. E 29.1

SCHEDULE RTP-1

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO XXX

EXPERIMENTAL REAL TIME PRICING SERVICE

Experimental Design: The experimental period will end December 31, 2009. Participation is limited to 60,000 kW, based on historical or expected average monthly on peak demand of customers. Participation limits may be exceeded only to accommodate the entire load of the final subscribing customer, subject to Company approval. Company reserves the right to revise this rate schedule and the method for determination of hourly prices, subject to PSCW approval. R

Availability: Available to customers with a minimum anticipated average monthly on peak demand of 1,000 kW. This service is not available to customers who have previously cancelled this RTP service within the past 18 month period.

Kind of Service:

1. Alternating current at the following nominal voltages:
 - a. for Secondary Voltage Service-- three-or four-wire three-phase at 208 volts or higher;
 - b. for Primary Voltage Service--three-phase at 2400 volts or higher, but less than 34,500 volts;
 - c. for Transmission Voltage Service--Transformed--i) three-phase at 2400 volts or higher, with service taken and metered at a substation which is fed at 69,000 volts or higher; or ii) three wire three-phase at 34,500 volts or higher, but less than 69,000 volts.
 - d. for Transmission Voltage Service--Untransformed--service at 69,000 volts or higher.
2. Service voltage available in any given case is dependent upon voltage and capacity of company lines in the vicinity of the customer's premises.
3. Transmission Transformed Service under category 1c-i above is available only to customers that take service at the point of metering in a company substation. All facilities on the load side of the metering (including but not limited to: switches, overcurrent protection, cables, wire and support structures) shall be the responsibility of the customer and subject to engineering plan approval by the company.
4. Transmission Service is available at transmission voltage, subject to the terms and conditions contained in the company's General Rules and Regulations.

Contract: Customers must contract for this service through an electric service agreement with the Company. Contract period will be for one year, but may not extend past the experimental period.

Cancellation Charges: Customer will pay a cancellation charge for contract cancellation prior to the end of a contract period. For customers who have been receiving service for more than 36 contiguous months on this RTP service schedule or a previous version thereof, the cancellation charge is \$ 1,000. For all other RTP customers, the cancellation charge is \$1,000, plus the difference between customer's bills recalculated according to the service to which the customer transfers, and this RTP rate schedule if such difference is greater than zero.

(continued)

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

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SHEET NO. E 29.2

SCHEDULE RTP-1.1

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

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EXPERIMENTAL REAL TIME PRICING SERVICE (Continued)Rate:

Customer Charge per Month \$300

Demand Charge per Month per kW

Contract Demand by Voltage

Secondary

\$ 9.20

Primary

\$ 9.02

Transmission Transf.

\$ 8.06

Transmission

\$ 8.02

R

Distribution Demand by Voltage

Secondary

\$1.20

Primary

\$0.90

Transmission Transf.

\$0.50

Transmission

\$0.00

R

Energy Charge per kWh

Day-Type

	1	2	3	4	5	6	7	8
12 a.m.- 6 a.m.	\$0.044674	\$0.040274	\$0.038084	\$0.034124	\$0.032034	\$0.028854	\$0.028194	\$0.026654
6 a.m.- 9 a.m.	\$0.079834	\$0.062254	\$0.052584	\$0.053354	\$0.050824	\$0.045004	\$0.037534	\$0.031374
9 a.m.-12 p.m.	\$0.211434	\$0.145434	\$0.090434	\$0.071264	\$0.058304	\$0.049394	\$0.040384	\$0.034454
12 p.m.- 6 p.m.	\$0.354434	\$0.233434	\$0.134434	\$0.082254	\$0.058304	\$0.049394	\$0.040384	\$0.034454
6 p.m.- 9 p.m.	\$0.255434	\$0.189434	\$0.112434	\$0.072804	\$0.058304	\$0.049394	\$0.040384	\$0.034454
9 p.m.-12 a.m.	\$0.077644	\$0.062254	\$0.055554	\$0.049064	\$0.040054	\$0.035884	\$0.032584	\$0.030384

R

R

Day-type energy charges are subject to the Stability Factor Adjustment provision.

Annual Day-Type Distribution

Normal	5	5	10	35	60	110	60	80
Maximum	8	8	16	50	n/a	n/a	n/a	n/a

Limited Energy Surcharge per kWh \$0.109022

R

All kWh during Peak Period Hours in excess of Contract Demand

Energy Charge Credit per Month per kWh \$0.0061

R

All kWh in excess of 400 times Contract Demand, not to exceed 50% of total kWh

Energy Charge Voltage Discount per kWh

Primary

\$0.00093

Transmission Transf.

\$0.00248

Transmission

\$0.00271

R

Day-Type:

Separate energy charges are defined for each of eight day-types. Company will normally designate the applicable day-type for each day by 4:00 p.m. of the preceding day. If Company has not designated the applicable day by 4:00 p.m., the day-type will be the same as the last designated day-type, unless Company later designates a lower cost day-type.

Energy Cost Adjustment: Bills subject to the adjustment provided for in Energy Cost Adjustment See Schedule X-1, Sheet No. E 63.

(continued)

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

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SCHEDULE RTP-1.2

WISCONSIN ELECTRIC RATE BOOK

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EXPERIMENTAL REAL TIME PRICING SERVICE (Continued)Late Payment Charge:

A one percent (1%) per month late payment charge will be applied to outstanding charges unpaid 20 days after the date of billing.

Peak Period Hours Definition:

Peak Period Hours are the nine hours between 9:00 a.m. and 6:00 p.m. for day-types 1, 2, 3, 4, 5, and 6. No peak period hours are applicable for day-types 7 and 8.

Stability Factor Adjustment

Prospective Day-Type energy charges will be adjusted by a Stability Factor to compensate for past departures from the normal Day-Type distribution. The historical 12-month average Day-Type energy charge, weighted by system loads, will be determined for both actual and normal Day-Type distributions. If the ratio between actual and normal energy charges moves outside the range of 0.98 and 1.02, then a Stability Factor in the range of 0.95 to 1.05 will be applied to prospective prices until a ratio of 1.00 is attained. Customers will be notified of the effective date and amount of any stability factor before such adjustment is implemented, changed or discontinued.

Power Factor

The Power Factor for the month shall be determined by permanently installed metering equipment. Company may require customer to install Company-approved equipment to maintain an average Power Factor of not less than 90%.

Determination of Demand:

1. Contract Demand is designated by customer and is fixed for no less than 12 months and is specified in whole kW units. A Customer is allowed a maximum of one opportunity to revise the contract demand level in any continuous 12-month period. In no month shall the demand to be billed be considered as less than the actual or expected average kW load during peak period hours of the billing month. In all months, the Contract Demand designated by customer shall be used to determine the kWh sales applied to the Limited Energy Surcharge and the Energy Charge Credit.

	R
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2. Distribution Demand in kW is the customer's greatest 15 minute load, regardless of time-of-day, that occurred during the past 12 months, including the current month. Distribution Demand for billing is rounded to the nearest whole kW.

Conjunctive Contract Demand Option:

1. Availability: Available to customers with multiple accounts that operate together to provide a single and common process, subject to Company approval.
2. Contract Demand under this option is defined as the coincident demand of all participating accounts and is subject to the provisions specified for Determination of Demand, item 1.

Telephone Line:

If required for Company's metering equipment, customer will provide for telephone line service approved by Company.

Rate Code

B60 Experimental Real Time Pricing Service

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP NORTHERN STATES REVISION: 6 SHEET NO. E 38
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 WISCONSIN SCHEDULE Cp-1.3
 WISCONSIN ELECTRIC RATE BOOK VOLUME NO. 7 AMENDMENT NO. XXX

PEAK CONTROLLED TIME-OF-DAY SERVICE (contd)

Controlled Billing Demand The controlled demand shall be the difference between customer's measured on-peak period demand and firm billing demand during the billing month but never less than zero.

Distribution Billing Demand The distribution billing demand shall be the customer's greatest 15 minute load, regardless of time-of-day which occurred during the past 12 months, including the current month.

Monthly Minimum Charge The monthly minimum charge shall be the customer charge plus the customer demand charge and any applicable metering charges.

Late Payment Charge A one percent (1%) per month late payment charge will be applied to outstanding charges unpaid 20 days after the date of billing.

Terms and Conditions of Service

1. Customer shall control own load to predetermined demand level.
 Customer must:
 - a. Provide to Company sufficient and accurate contact information to insure proper notice of curtailment periods on a 24-hour basis. R
 - b. Install remote control equipment provided by Company, if requested by Company. R
 - c. Provide a continuous 120 volt AC power source at the connection point for operation of the Company remote control equipment;
 - d. Allow Company to inspect and approve the remote control installation and equipment provided by customer;
 - e. Allow Company to revise type of control system.
 - f. Provide telephone jack at point of metering.
 - g. Allow Company use of existing telephone facilities at no cost to the Company.
- Company must:
 - a. Provide to customer timely notification of the curtailment periods. R
 - b. Maintain an official log of all customer notifications of the curtailment periods. The information will include but not be limited to the date and time of the notification, the customer response to the message and the form of the notification used. R
R
R
2. Company will give customer one hour's notice of an impending control period.

(continued)

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 13

SHEET NO. E 41

SCHEDULE S-1

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

AUTOMATIC PROTECTIVE LIGHTING SERVICEEffective In All territory served by the Company.Availability Available to all classes of customers for area lighting service.Rate

<u>Type</u>	<u>Wattage</u>	<u>Lumens</u>	<u>Monthly Rate per Unit</u>
<u>Mercury Vapor</u> (closed)	175 Watt	8,600 Lumens	
	250 Watt	12,100 Lumens	
	400 Watt	22,500 Lumens	
<u>Sodium Vapor</u>	70 Watt	5,800 Lumens	
	100 Watt	9,500 Lumens	
	150 Watt	16,000 Lumens	
	250 Watt	27,500 Lumens	
	400 Watt	50,000 Lumens	

Energy Cost Adjustment: Bills subject to the adjustment provided for in Energy Cost Adjustment. See Schedule X-1 Sheet No. E 63.Service Included in Rate Company will install, own, operate and provide routine maintenance to the lighting unit including the fixture, lamp, ballast, photo-electric control, mounting brackets and all necessary wiring. Company shall furnish all electric energy required for operation of the unit.Special Terms and Conditions

1. Above rate contemplates installation of the lighting unit on an existing wood pole upon which Company's secondary voltage lines are attached, including the customer's yard pole. If necessary, Company will extend its secondary voltage lines on existing Company poles for not to exceed two spans provided customer pays the entire cost thereof. Lighting units are available only where compatible voltage levels presently exist. No additional transformer capacity will be provided hereunder.

2. The lamps shall be lighted and extinguished by a photo-electric control furnished by the Company. The hours of burning shall be from approximately one-half hour after sunset until one-half hour before sunrise, every night.

3. If illumination of a lamp is interrupted and said illumination is not resumed within 72 hours from the time Company received notice thereof from customer, 1/30th of the monthly compensation for such unit shall be deducted for each night of nonillumination after such notice is received.

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(continued)

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SHEET NO. E 44.1

SCHEDULE Ms-2.1

WISCONSIN ELECTRIC RATE BOOK

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AMENDMENT NO. XXX

STREET LIGHTING SYSTEM SERVICE (contd)Maintenance Option

Provisions Customer shall make payment to Company for the price of the ornamental street lighting system installation, including underground cables, posts, lamps, ballasts, starters, photocells, and glassware. The street lighting system shall be Company approved and include a lamp type and wattage combination that corresponds to an existing Maintenance Option service.

System Price Company shall provide customer with the price for the ornamental street lighting system prior to construction. Customer shall provide Company with total payment of the price of the ornamental street lighting system at the time of installation.

Service Included Company shall furnish all electric energy necessary to operate the street lighting system, shall make all lamp and glassware renewals, clean the glassware, light and extinguish all lamps, make all ballast and starter renewals, and furnish all the materials and labor necessary for these services. Company shall also repair all damaged equipment for 25 years from the installation date. After 25 years, Company will repair damaged equipment when the damage is not associated with the age of the street lighting system.

System Replacement or Renovation If in the Company's opinion, the condition of the street lighting system is such that replacement or significant renovation of the system is necessary, the customer shall have three options: (1) the customer may transfer to the appropriate lighting service, or (2) the customer may make payment to Company of the price of installing a replacement system, or (3) the customer may make payment to Company of the price of a Company approved renovation of the existing system.

Daily Operating Schedule The daily operating schedule of the above lamps shall be from approximately one-half hour after sunset until one-half hour before sunrise.

Outages If illumination from any lamp is interrupted and said illumination is not resumed within 72 R hours from the time Company receives notice thereof from customer, 1/30th of the monthly rate for such lamp shall be deducted for each night of non-illumination after such notice is received.

Other Terms and Conditions Other terms and conditions applicable hereto are contained in Schedules Ms-5 and 5.1.

Late Payment Charge A one percent (1%) per month late payment charge will be applied to outstanding charges unpaid 20 days after the date of billing.

Rate Code:

B31 Street Lighting System Service

ISSUED:

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PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

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SCHEDULE Ms-3.1

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AMENDMENT NO. XXX

CUSTOMER OWNED STREET LIGHTING SERVICE (Closed) (contd)

Outages If illumination from any lamp is interrupted and said illumination is not resumed within 72 R hours from the time Company receives notice thereof from customer, 1/30th of the monthly rate for such lamp shall be deducted for each night of nonillumination after such notice is received.

Term of Agreement The term of agreement shall be one year and shall continue in force thereafter for periods of one year unless terminated by written notice of cancellation given by either party to the other not less than 30 days prior to the expiration of any of said one-year periods.

Other Terms and Conditions Other terms and conditions applicable hereto are contained in Schedules Ms-5 and 5.1.

Late Payment Charge A one percent (1%) per month late payment charge will be applied to outstanding charges unpaid 20 days after the date of billing.

Rate Code

B32 Customer Owned Street Lighting Service

ISSUED:

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SHEET NO. E 48

SCHEDULE Ms-4.1

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AMENDMENT NO. XXX

CUSTOMER OWNED STREET LIGHTING SERVICE (contd)Group II

<u>Rate</u>	<u>Lamp Type</u>	<u>Wattage</u>	<u>Lumens</u>	<u>Monthly Rate per Luminaire</u>
	<u>Mercury Vapor (Closed)</u>			
		100 Watt	4,200 Lumens	
		175 Watt	8,600 Lumens	
		400 Watt	22,500 Lumens	
		700 Watt	42,000 Lumens	
		1,000 Watt	63,000 Lumens	
	<u>Sodium Vapor</u>			
		35 Watt	2,250 Lumens	
		50 Watt	3,800 Lumens	
		70 Watt	5,800 Lumens	
		100 Watt	9,500 Lumens	
		150 Watt	16,000 Lumens	
		200 Watt	22,000 Lumens	
		250 Watt	27,500 Lumens	
		400 Watt	50,000 Lumens	
		1,000 Watt	140,000 Lumens	

Energy Cost Adjustment: Bills subject to the adjustment provided for in Energy Cost Adjustment. See Schedule X-1, Sheet No. E 63.

Service Included in Rate: Customer owns and maintains entire Ornamental Street Lighting system including cables, posts, lamps, ballasts, and glassware. Ballasts shall provide a power factor of at least 90%. Company furnishes energy only at central distribution points designated by Company.

GROUPS I & II

Daily Operating Schedule: The daily operating schedule of the above lamps shall be from approximately one-half hour after sunset until one-half hour before sunrise.

Outages: If illumination from any lamp is interrupted and said illumination is not resumed within 72 hours from the time Company receives notice thereof from customer, 1/30th of the monthly rate R for such lamp shall be deducted for each night of nonillumination after such notice is received.

Term of Agreement: The term of agreement shall be one year and shall continue in force thereafter for periods of one year unless terminated by written notice of cancellation given by either party to the other not less than 30 days prior to the expiration of any of said one-year periods.

Other Terms and Conditions: Other terms and conditions applicable hereto are contained in Schedules Ms-5 and 5.1.

Later Payment Charge: A one percent (1%) per month late payment charge will be applied to outstanding charges unpaid 20 days after the date of billing.

Rate Code: B33 Customer Owned Street Lighting Service

ISSUED:

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SHEET NO. E 49

SCHEDULE Ms-4.2

VOLUME NO. 7

AMENDMENT NO. XXX

COMPANY OWNED ORNAMENTAL STREET LIGHTING SERVICE (Closed)

Availability (Closed)

<u>Rate</u>	<u>Lamp Type</u>	<u>Wattage</u>	<u>Lumens</u>	<u>Monthly Rate per Luminaire</u>
	<u>Mercury Vapor</u>	250 Watt	12,100 Lumens	
		400 Watt	22,500 Lumens	
	<u>Sodium Vapor</u>	150 Watt	16,000 Lumens	
		250 Watt	27,500 Lumens	

Energy Cost Adjustment: Bills subject to the adjustment provided for in Energy Cost Adjustment See Schedule X-1, Sheet No. E 63.

Service Included in Rate Company shall own, operate and maintain the ornamental street lighting system. An ornamental system is defined as any lighting system, whether on wood, concrete or metal poles, upon which the Company is not allowed to carry its regular distribution facilities serving other classes of service, such as in a business district or along the route of a trunk highway through a community. An ornamental system is not intended to include poles and fixtures in distinctly residential areas where the Company's general distribution facilities are located in alleys and a simple overhead fixture is carried on an unpainted wood pole. Regardless of location, however, any special ornamental, decorative or painted pole requiring an unusual investment by the Company will be classified as an ornamental fixture.

Daily Operating Schedule The daily operating schedule of the above lamps shall be from approximately one-half hour after sunset until one-half hour before sunrise.

Outages If illumination from any lamp is interrupted and said illumination is not resumed within 72 hours from the time Company receives notice thereof from customer, 1/30th of the monthly rate for such lamp shall be deducted for each night of nonillumination after such notice is received. R

Term of Agreement The term of agreement shall be one year and shall continue in force thereafter for periods of one year, unless terminated by written notice of cancellation given by either party to the other not less than 30 days prior to the expiration of any of said one-year periods.

Other Terms and Conditions Other terms and conditions applicable hereto are contained in Schedules Ms-5 and 5.1.

Late Payment Charge A one percent (1%) per month late payment charge will be applied to outstanding charges unpaid 20 days after the date of billing.

Rate Code B34 Company Owned Ornamental Street Lighting Service (Closed)

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REVISION: 15

SHEET NO. E 52

SCHEDULE Ms-6

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AMENDMENT NO. XXX

UNDERGROUND AREA LIGHTING SERVICE

Availability Available for year-round illumination of public streets or private ways in a URD area where such streets and ways are established and maintained primarily for the common use of residents of the URD area. Such illumination shall be provided by electric lamps in luminaires mounted on standards and served through underground circuits, where the facilities for this service are furnished by Company. Service hereunder will normally apply in residential areas. Service to 175 watt Mercury lamps under this schedule is limited to the lamps being served as of December 31, 1987.

RateDesignation of Lamps

175 Watt-Mercury (Closed)

100 Watt-High Pressure Sodium

150 Watt-High Pressure Sodium

Monthly Rateper Lamp

Energy Cost Adjustment: Bills subject to the adjustment provided for in Energy Cost Adjustment See Schedule X-1, Sheet No. E 63.

Service Included in Rate Company shall own, operate and maintain the URD Street Lighting system using Company's standard street lighting equipment which includes one lamp per standard.

Daily Operating Schedule The daily operating schedule of the above lamps shall be from approximately one-half hour after sunset until one-half hour before sunrise.

Outages If illumination from any lamp is interrupted and said illumination is not resumed within 72 R hours from the time Company receives notice thereof from customer, 1/30th of the monthly rate for such lamp shall be deducted for each night of nonillumination after such notice is received.

Term of Agreement The term of agreement shall be one year and shall continue in force thereafter for periods of one year unless terminated by written notice of cancellation given by either party to the other not less than 30 days prior to the expiration of any of said one-year periods.

Other Terms and Conditions Other terms and conditions applicable hereto are contained in Schedules Ms-5 and 5.1.

Late Payment Charge A one percent (1%) per month late payment charge will be applied to outstanding charges unpaid 20 days after the date of billing.

Rate Code:

B35 Underground Area Lighting Service Public
B38 Underground Area Lighting Service Private

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SCHEDULE Ex-6

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RULES AND REGULATIONS**2.2 New Account Charge/Processing Charge/Reconnection Charge (contd)**

In cases where initial service or resumption of service is requested and multiple meters are involved, to be charged to one customer at the same premises, the charge shall be as follows:

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1. Multiple electric meters:
\$16.50 for one meter and \$7.50 for each additional meter processed on the same service call.
2. Multiple gas and electric meters:
\$16.50 for one pair of gas and electric meters and \$7.50 for each additional pair of gas and electric meters processed on the same service call.

When a special meter reading is not required, a charge of \$7.50 per meter, or pair of gas and electric meters, shall be made.

The charge for unmetered service will be \$7.50. The charge applies to all service connections made for unmetered service. This includes automatic protective lighting, street lighting and billboard lighting.

In a landlord/tenant situation, when a new tenant is not available and the landlord has agreed in advance, by signing a "Revert to Owner Agreement" which allows the Company to put the electric and gas service in the landlord's name during the time when there is no tenant, the \$16.50 Processing Charge will not apply.

When service is required at times outside normal working hours (8:00 AM to 5:00 PM), charges listed above as \$16.50 will be increased to \$25.00.

When a customer requests a disconnection and reconnection of service at the same premises within any twelve-month period, the customer must pay a reconnection charge which is the higher of:

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1. the charges as stated above, (or)
2. the customer charge set forth in the applicable rate schedule times the number of months service was disconnected.

The charge shall not be applied to residential customers when they initially transfer from the residential service (Rg-1) to the residential time-of-day service (Rg-2). If the customer, once on the time-of-day rate, requests a transfer back to the regular residential service, without having been on the time-of-day rate for 3 months or more, the charge shall be applied. If the customer, once on the time-of-day rate, requests a change in the five optional peak periods, without having been on the same optional peak period for 1 year or more, the charge shall be applied.

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SHEET NO. E 75

SCHEDULE Ex-7

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AMENDMENT NO. XXX

RULES AND REGULATIONS**2.3 Deposits****2.31 New Residential Customer**

A new residential customer may be required to make a security deposit or other guarantee as a condition for service, if the customer has an outstanding account balance with the Company which has accrued within the last six years and which, at the time of the request for service, remains outstanding and not in dispute.

2.32 Existing Residential Customer

An existing residential customer may be required to make a security deposit or other guarantee as a condition for continued service if (a) the Company has shut off or discontinued the service of the customer within the last 12-month period for violation of the Company's filed rules or for non-payment of a delinquent account not currently in dispute; or (b) the Company finds out that the initial application for service was falsified or incomplete; or (c) the customer has the ability to pay for the utility service but, during the cold weather disconnections rules period, had an arrears amount incurred during that period that was 80 days or more past due.

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N**2.33 New Commercial Customers**

A new commercial applicant for service may be required to make a security deposit or guarantee if the credit of the applicant has not been established satisfactorily to the Company. Factors that will be considered in establishing whether an applicant's credit is satisfactory are:

- (a) Credit information from credit reporting services.
- (b) Letter of credit from a financial institution or another utility.
- (c) Applicant's business characteristics, such as type of business, length of time the applicant has operated, the applicant's business experience and knowledge, and estimated size of applicant's bills.
- (d) Value of the assets of the business.
- (e) The financial condition of the business.

The Company will notify the applicant within 30 days of the request for service as to whether a deposit will be required. The 30-day period will begin from the date the applicant provides all requested relevant information to the utility. If no request for a deposit is made within this period, no deposit will be required, except that if the provision pertaining to existing customers applies. If a request for a deposit is made, the applicant will be given at least 30 days to provide payment, guarantee, or to establish an installment payment agreement.

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(continued)

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SCHEDULE Ex-8

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RULES AND REGULATIONS2.3 Deposits (contd)2.33 New Commercial Customers (contd)

The deposit of a commercial customer will be refunded after 24 consecutive months of prompt payment. Payment is considered prompt if made prior to notice of disconnection for non-payment not in dispute.

2.34 Existing Commercial Customer

An existing commercial customer may be required to furnish a security deposit or guarantee if the customer has not made prompt payment of all bills within the last 24 consecutive months or the customer has the ability to pay for the utility service but, during the cold weather disconnections rules period, had an arrears amount incurred during that period that was 80 days or more past due. Customers requested to make deposits will be given at least 30 days to provide the deposits, guarantees, or to establish installment payment agreements. N N N R

The deposit of an existing commercial customer will be refunded after 24 consecutive months of prompt payment, as defined in the above section that applies to new commercial customers.

2.35 Arrearages

An arrearage owed by a customer may be deducted from the customer's deposit to satisfy arrearages occurring after the deposit was made. If the utility deducts an arrearage from a customer's deposit, it may require the customer to bring the deposit up to its original amount. Customers will be given at least 20 days to bring the deposit up to the original amount.

2.36 Deposit Refund

Any deposit or portion thereof, including accrued interest, refunded to a commercial or residential customer will be refunded by check unless both the customer and the utility agree to a credit on the regular billing. In case of the termination of commercial or residential service, the deposit with accrued interest will be credited to the final bill and the balance will be refunded promptly to the customer.

2.37 Refusal of Service for Failure to Pay Deposit Request

Commercial or residential service may be refused or disconnected for failure to pay a deposit request, subject to the rules pertaining to disconnection and refusal of service set forth in Section 2.8 of these Rules and Regulations. D

2.38 Conditions of DepositWritten Explanation:

The Company will not require any commercial or residential customer to pay a deposit or establish a guarantee in lieu of deposit without explaining, in writing, why that deposit is being required. D

(continued)

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SHEET NO. E 77

SCHEDULE Ex-9

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RULES AND REGULATIONS2.3 Deposits (contd)2.38 Conditions of Deposit (contd)Maximum Deposit:

The maximum deposit for a new commercial or residential account will not exceed the highest estimated gross bill for any two consecutive billing periods selected by the Company.

The maximum deposit for an existing commercial or residential account will not exceed the highest actual gross bill for any two consecutive months within the preceding 12-month review period as determined by the Company.

Interest:

The interest rate paid on customer deposits shall be equal to the weekly average yield of one-year United States Treasury securities adjusted for constant maturity for the week ending on or after December 1, made available by the Federal Reserve Board, rounded to the nearest tenth of one percent. The rate will be set annually by the Wisconsin Public Service Commission.

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Review:

The Company will review the payment record of each residential utility customer with a deposit on file at 12-month intervals. The Company shall not require or continue to require a deposit, unless a deposit is required as specified under the provision on existing residential customers which appears above. Commercial customers' deposits will be reviewed at 24-month intervals, after which time the deposit will be refunded if the commercial customer has paid its bill promptly as specified under the provision on commercial customers.

2.4 Deposit-Guarantee and Deposit-Deferred Payment Options2.41 Deposit-Guarantee

In lieu of a security deposit, the Company may accept a contract signed by a guarantor, whereby payment of a specified sum not exceeding the security deposit requirement is guaranteed. The term of such contract will be for no longer than 1 year for residential customers and 2 years for commercial customers, but shall automatically terminate after the commercial or residential customer has closed its account with the utility, or at the guarantor's request upon 30 days' written notice to the utility.

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Upon termination of a guarantee contract or whenever the Company deems insufficient as to amount of surety, a security deposit or a new or additional guarantee may be required upon reasonable 20-day written notice to the customer. The service of any customer who fails to comply with these requirements may be disconnected upon 10 days' written notice, subject to Sections 2.42 and 2.8 herein for a residential customer, or the establishment of an installment payment agreement for a commercial customer.

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SHEET NO. E 79

SCHEDULE Ex-11

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AMENDMENT NO XXX

RULES AND REGULATIONS**2.5 Deferred Payment Agreement**

The Company will offer deferred payment agreements only to residential accounts. A deferred payment agreement will not include a finance charge, and payments will first be considered made in payment of the previous account balance, with the remainder credited to the current bill. Service will not be discontinued if the customer pays a reasonable amount of the outstanding bill and agrees to pay a reasonable portion of the remaining outstanding balance in installments until the bill is paid. For the purposes of determining reasonableness, the parties shall consider the:

- (a) size of the delinquent account
- (b) customer's ability to pay
- (c) customer's payment history
- (d) time that the debt has been outstanding
- (e) reasons why the debt has been outstanding
- (f) any other relevant factors concerning the circumstances of the customer

If an applicant for utility service has not fulfilled terms of a deferred payment agreement, the Company shall have the right to disconnect pursuant to Company disconnection of service rules, and under such circumstances it will not be required to offer subsequent negotiations of a deferred payment agreement prior to disconnection. If a deferred payment agreement cannot be reached and if the customer's proposed deferred payment agreement is unacceptable to the Company, the customer shall be informed in writing why the offer was not acceptable. A sample of the Deferred Payment Agreement form is shown on Schedule Ex-49.

2.6 Budget Payment Plan

The Company has a budget payment plan available to all prospective and existing residential and small general service customers (Rate Code B05 & B06). This budget plan satisfies the requirements of Section PSC 113.0406(5) of the Wisconsin Administrative Code.

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A budget payment plan may be established at any time of the year. The monthly budget amount shall be calculated on the basis of the estimated consumption and applicable rates for the 12 months subsequent to establishing the plan. Customers who have arrearages may establish a budget payment plan by signing a deferred payment agreement for the arrearages.

An applicant for a budget plan shall be informed at the time of application, and an existing budget plan customer on at least a quarterly basis, that budget amounts shall be reviewed at least once every six months and changed, if necessary, in order to reflect current circumstances. Adjustments to the budget amount will be made with the objective that the customer's underbilled or overbilled balance at the end of the budget year shall be less than one month's budget amount. Customers on the budget payment plan shall be notified of adjustments through either a bill insert or message on the bill. When an adjustment is made to a budget payment amount, the customer will be informed of the adjustment at the same time the bill containing the adjustment is rendered.

(continued)

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SCHEDULE X

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RULES AND REGULATIONS**2.6 Budget Payment Plan (contd)**

If at any time the Company has late payment charges provisions in its tariffs, such charges will apply to past due budget payment amounts even though the actual account balance may reflect a credit. If a budget payment is not paid when due, the customer shall be appropriately notified with the next billing. If proper payment is not received subsequent to this notification, the next regular billing may effectuate the removal of the customer from the budget plan and reflect the appropriate amount due.

At the end of a budget year, if an underbilled or overbilled balance exists in a customer's account, the balance shall be handled as follows:

1. A customer's debit balance will be paid in full or, at the customer's option, on a deferred basis.
2. A customer's credit balance will be applied against the customer's account or, at the customer's option, a refund shall be made.

2.7 Disconnection Provision

In case of discontinuance of service for nonpayment of amounts payable when due, Company will not restore service until a security deposit or guarantee as required above is made, or until other satisfactory credit arrangements are made. If customer makes satisfactory credit arrangements to avoid disconnection but fails to keep the arrangements, disconnection may be made even though the bill is no longer a delinquent current bill.

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2.8 Refusal, Discontinuance and Curtailment of Service

Company shall have the right to discontinue or curtail utility service for any of the following reasons:

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- (a) Failure to pay a delinquent account or failure to comply with the terms of a deferred payment agreement. (See PSC 113.0404.)
 - (b) Violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or to the operation of non-standard equipment, if the customer has first been notified and provided with reasonable opportunity to remedy the situation.
 - (c) Failure to comply with deposit or guarantee arrangements as specified in PSC 113.0402.
 - (d) Diversion of service around the meter.
 - (e) Refusal or failure to permit authorized Company personnel to read the meter at least once every 6 months in order to determine actual usage. The six-month period begins with the date of the last meter reading.
 - (f) Failure to comply with Wisconsin statute, commission rule or commission order pertaining to conservation or availability of service.
- Company may disconnect utility service without notice where a dangerous condition exists for as long as the condition exists.

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(continued)

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SHEET NO. E 81

SCHEDULE Ex-13

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VOLUME NO. 7

AMENDMENT NO. XXX

RULES AND REGULATIONS**2.8 Refusal, Discontinuance and Curtailment of Service (contd)**

Company may refuse utility service to any customer for failure to comply with applicable requirements of the Company's rules, or with PSC 101.865, Stats., or if the customer proposes to use a device that is not so designed that interference with communication and signal services is reasonably minimized. R

Company is not required to furnish service under conditions requiring operation in parallel with generating equipment connected to the customer's system if such operation is hazardous or may interfere with its own operations or service to other customers or with service furnished by others. The Company may specify requirements as to connection and operation as a condition of rendering service under such circumstances.

In addition, Company shall have the right to refuse, discontinue, or curtail the supply of electric service for any of the following reasons: to prevent fraud or abuse; when evidence is found of tampering with service wires, meters, or appurtenances on customer's premises; when necessary to make repairs, replacements, or changes in Company's equipment; when Company is prevented from furnishing electric service to customer because it cannot obtain permits, wiring affidavits, or necessary rights-of-way privileges; when necessary to comply with any governmental authority having jurisdiction; or for failure to comply with the other provisions of Company's rates, rules, and regulations and in accordance with Public Service Commission Rules.

Any discontinuance or curtailment of supply shall not relieve customer from his obligation to Company.

2.9 Dispute Procedures

Whenever a customer disputes a request for deposit or other guarantee or advises the Company's designated office of a disputed bill, the Company will investigate the dispute promptly and completely, advise the customer of the results of the investigation, attempt to resolve the dispute and, when applicable, provide the opportunity for the customer to enter into a deferred payment agreement to settle the dispute.

If a customer informally requests a Public Service Commission review, the Company will Allow 7 days between the date the Commission staff mails or telephones the terms of the settlement and any subsequent disconnection. Either the customer or the Company must make any-request for a formal review by the Commission within 7 days of the date the commission staff telephones or mails written notice of terms of settlement after the informal review. R

Within 7 days of such request, the commission shall determine if a formal hearing is to be conducted and will inform both parties of its decision. Any such hearing will be held not less than 10 days following a notice of hearing and a decision thereon shall be rendered following the conclusion of the hearing. If the Commission decides to conduct a formal hearing on the R

(continued)

ISSUED:**EFFECTIVE:** For service rendered on and after January XX, 2008**PSCW AUTHORIZATION:** Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 1

SHEET NO. E 82

SCHEDULE Ex-14

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

RULES AND REGULATIONS**2.9 Dispute Procedures (contd)**

dispute, the commission may condition the terms of its granting a formal hearing. Failure
to meet these conditions before hearing shall constitute waiver of the dispute by the
customer. Utility service will not be disconnected or refused because of any disputed
matter while such matter is being pursued; however, in no way does this relieve the
customer from the obligation of paying charges which are not disputed.

R

R

R

Examples of Company disconnection notices are shown on Schedules Ex-50, 54 and 56.

R

ISSUED:**EFFECTIVE:** For service rendered on and after January XX, 2008**PSCW AUTHORIZATION:** Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 3

SHEET NO. E 83

SCHEDULE Ex-15

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

RULES AND REGULATIONSSection 3.0 Rate Application and Billing Rules and Regulations**3.1 Availability of Rate Schedules**

Availability of a rate schedule with respect to the purpose for which service there under may be used and the class or classes of customers to which the schedule applies, shall be as specified in the rate schedule.

Availability of service under a rate schedule at any particular location in a community or territory where the schedule is shown to be effective, and the kind of current, capacity, voltage, phase, and frequency which the Company holds itself out to supply, depends upon the proximity of the particular location to adequate Company facilities. The extent to which Company will extend, enlarge, or change its facilities to supply service is determined by its Extension Rule.

3.2 Choice of Optional Rates

When two or more rate schedules are available for the same class of service, as indicated by the complete copy of the Company's rates open to public inspection in the Company's office, the Company will assist customer in the choice of the most favorable schedule to the extent that data is available. Customer may change to another schedule after a reasonable trial of the schedule originally designated; however, the Company may not be required to change schedules after the first change more often than once in twelve months.

In any event, the least expensive applicable rate based on 12 months' service will be used for billing purposes and adjustments made annually.

3.3 Billing

Bills will normally be rendered monthly. Meters are scheduled to be read monthly at approximately 30-day intervals. If the Company is unable to read a meter, the customer's usage will be estimated by a computer programmed to take into account the pattern of customer's use and seasonal factors. Bills rendered without an actual meter reading will specify that the usage is estimated. The Company may permit the customer to supply the meter readings, provided the Company reads the meter at least once each 6 months and when there is a change of customers.

The rendering of bills to customers taking seasonal service may be suspended through the period of 'non-use'. Upon expiration of the period of 'non-use', the customer is billed for all charges for utility service that accrued during the period of 'non-use' on their next regular billing.

Bills are due on the due date shown on bill and may be paid at the offices of the Company or to its duly authorized agents during regular business hours.

Fractional-month billings shall be prorated on a daily basis except that the meter reading date may be advanced or postponed not more than 5 days without adjustment for the billing period.

(continued)

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 3

SHEET NO. E 84

SCHEDULE Ex-16

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

RULES AND REGULATIONS**3.4 Billing Adjustment**

Company will maintain and test its metering equipment periodically in accordance with accepted standard practice. In the event Company's test shows meter error in excess of tolerance prescribed by the Public Service Commission, Company shall recalculate the bills for service during the period of inaccuracy and make adjustment of bills in accordance with the rules prescribed by such Commission. When metering equipment fails to register, Company will estimate the quantity of energy consumed based on available data.

If the recalculated bills indicate that more than \$1.00 is due to existing customer or \$2.00 to a person no longer a customer, a refund shall be made.

If the bills recalculated in the manner prescribed by the Public Service Commission indicate that more than \$10.00 is due from customer, Company may bill the customer for the amount due.

Recalculated amounts will be billed separately on a form different from the normal bill form and include a complete explanation of the billing.

Customer may, if he so desires, install at his own expense additional meters in series with Company's meter, beyond the outlet of Company's meter, for measuring electric energy used by himself, but not for measuring service to any other person except for temporary check purposes only and not for resale purposes.

3.5 Unhonored Check Charge

When a customer issues a check or draft to the Company which the bank fails to honor, i.e., insufficient funds, account closed, stop payment order issued, etc., the customer shall be billed an additional charge of \$10.00. R

3.6 Late Payment Charge

A late payment charge of 1% per month will be added to utility bills not paid and credited prior to the succeeding monthly billing. Any utility charges unpaid after 20 calendar days from the date of billing will be subject to late payment charges unless the customer has agreed to a custom due date, at which time a late payment charge will not be applied to the customer's bill until 2 days after the agreed upon due date or 20 days after the billing date, whichever is later.

The late payment charge is applicable to all retail customers. The late payment charge will be applied to the total unpaid balance for utility service, including any unpaid late payment charges. For purposes of this subsection the unpaid utility bill balance for customers under the Budget Billing Plan shall mean the utility budget arrears balance and not the accumulated actual utility balance. If a customer is removed from the Budget Billing Plan, their actual utility bill balance will be subject to late payment charges as per this subsection.

(continued)

ISSUED:**EFFECTIVE:** For service rendered on and after January XX, 2008**PSCW AUTHORIZATION:** Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 7

SHEET NO. E 95

SCHEDULE Ex-27

WISCONSIN ELECTRIC RATE BOOK VOLUME NO. 7

AMENDMENT NO. XXX

RULES AND REGULATIONS

- 5.332 Demand and Energy Rate Schedule --
per kW of Estimated Average Monthly Billing Demand
 General Service Demand Metered
 Rate Schedules Cg-5 and Cp-2
 Secondary
 Primary
per kW of Estimated Average Monthly On-Peak Billing Demand
 Large General Service Demand Metered
 Rate Schedules Cg-9 and Cp-1
 Secondary
 Primary

- 5.333 Street Lighting
 Street Lighting Service
 Rate Schedule Ms-2, Ms-4

Underground Area Lighting Service
 Rate Schedule Ms-6

5.34 Application of Allowances5.341 Energy-Only BasisIndividual Customers

Where an extension of distribution facilities as previously defined is necessary to serve customers billed on an energy-only basis, excluding single- and two-family residential subdivisions or developments, the requesting customer shall pay, prior to the construction of the extension, the estimated cost of the extension which includes those items set forth in Section 5.31, less the allowance for that class of customer as set forth in Section 5.331. If additional customers are connected to the original extension, refunds may be made to the original requesting customer at the time the additional customers are connected, unless there is a written assignment to the contrary by the owner of the property for which the extension was originally built. R

The refund, if any, shall be equal to the greater of:

- 1) the embedded cost allowance in effect at the time the contributed extension was installed, less the estimated current cost of any additional distribution facilities required for the additional customer(s); or

(continued)

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 2

SHEET NO. E 101

SCHEDULE Ex-33

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

RULES AND REGULATIONS

to one-half of the allowance, as shown in Section 5.33, for that class of customer for the extension of the distribution facilities.

5.4 SERVICE FACILITIES

The Company will install, own and maintain all service facilities, as defined in Section 5.11, at no cost to the customer, excluding those facilities determined to be in excess of normal construction. (See Section 5.7, Excess Construction Costs.) The maximum length service to be installed, whether overhead or underground, must be no longer than the recommended length as determined by the Company's Engineering Department for the type of installation to be made.

Customer's receiving secondary service from transformers located in a customer-owned vault must obtain approval from the Company for this type of installation. The transformer vault shall be installed in accordance with the requirements of the Company and the Wisconsin State Electrical Code and local electrical codes. The Company will install, own and maintain the transformers in the vault and will connect the primary and secondary cables to the transformers. The customer will provide and extend his secondary conductors into the vault. Access to the vault shall be limited to Company personnel only.

All service facilities shall be installed in accordance with the Company's booklet entitled "The Xcel Energy Standard for Electric Installation and Use". See Schedule Ex-57. R

5.5 RELOCATION AND REPLACEMENT OF FACILITIES

5.51 Relocation and replacement of service and distribution requesting party will include the total cost of the distribution facilities, including replacement of overhead with underground, shall be performed by the Company upon request of a customer or group of customers and shall be at the total expense of the requesting party, unless one or more of the following conditions are met:

- a) The relocation or replacement is made for the convenience of the Company, determined solely by the Company;
- b) The relocation or replacement will result in a substantial improvement in the Company's facilities or their location, determined solely by the Company;

(continued)

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 3

SHEET NO. E 107

SCHEDULE Ex-39

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

RULES AND REGULATIONS

5.991 Customer has the right to appeal to the Public Service Commission of Wisconsin if the customer considers any requirement of these rules and regulations to be excessive or unreasonable.

5.992 The Company may provide a financing program to new customers under the following conditions:

1) Customer must meet satisfactory credit requirements. R

2) Minimum financing will be \$1,000.

3) Interest will be applied annually at a rate of 7.5%. R

4) Maximum length of financing will be five years.

5) Financing over \$10,000 will require satisfactory security documents. R

6) Financing is not available for rebuilds or upgrades.

7) Availability

Non Development Areas:

Availability would be restricted to those extensions where the cost of distribution facilities do not exceed five times the estimated annual revenue received from the new customer.

8) Development Areas:
(three additional
customers or more)

Availability would be restricted to developments where the cost of the distribution facilities would be justified under the applicable extension allowances.

(continued)

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 1

SHEET NO. E 109

SCHEDULE Ex-41

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. 723

RULES AND REGULATIONSSection 7.0 Electric Service

All electric service is alternating current at a nominal frequency of 60 Hz.

The voltage systems which the Company will make available at a given location are dependent upon the size and character of the load to be served and the existing Company facilities.

Nominal voltages of the common types of service supplied are listed below:

7.1 Secondary Service VoltagesA. 120/240 volt single-phase system

- 1) 120 volt, 2-wire, one phase conductor and one grounded conductor.
- 2) 120/240 volt, 3-wire, with grounded neutral conductor.

The above voltages are commonly available for residential and general service use in most areas.

B. 208Y/120 volt three-phase grounded wye system

- 1) 120 volt, 2-wire, one phase conductor and one grounded conductor.
- 2) 120/208 volt, 3-wire, two phase conductors with grounded neutral conductor.
- 3) 208Y/120 volt, 4-wire, three phase conductors with grounded neutral conductor. This nominal voltage is available for large loads and is the only service available in a designated underground area of the central business district of La Crosse.

C. 480Y/277 volt three-phase grounded wye system

- 1) 277 volt, 2-wire, one phase conductor and one grounded conductor.
- 2) 277/480 volt, 3-wire, two phase conductors with grounded neutral conductor.
- 3) 480Y/277 volt, 4-wire, three phase conductors with grounded neutral conductor. This nominal voltage is available for large loads and is the only service available in a designated underground area of the central business district of Eau Claire.

R

D. 240/480 volt, 3-wire, single-phase with grounded neutral conductor.
(Non-standard contact service policy for special application.)E. 240/120 volt, 4-wire, three-phase delta, with grounded neutral conductor connected to the mid-point of one phase.

(Non-standard contact service policy for special application.)

R

(continued)

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 1

SHEET NO. E 116.50

SCHEDULE Ex-48.50

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

STRAY VOLTAGE REDUCTION AGREEMENT**Please Read this Carefully!!**

The undersigned Customer, _____,
an adult residing at and operating a livestock farm located at the address below, and Northern States
Power Company, a Wisconsin corporation and wholly owned subsidiary of Xcel Energy Inc.
(Company), agree to make the modifications listed below to the farm electrical system at:

R

Address _____

C/T/V: _____ State: _____ Zip Code: _____

MODIFICATIONS	
1.	
2.	
3.	

- A. The above modifications(s) will be made at no cost to the customer except as noted:

- B. Materials installed on farm property as a result of the modifications(s), excluding neutral isolator(s), will be the property of the Customer.
- C. The Customer agrees to cooperate with the Company's representative(s) before, during and after modification(s).
- D. The Customer is responsible for the daily monitoring and operating energy costs (if any) of the above modification(s).
- E. The Customer understands that on-farm modifications made by the Company are permanent.
- F. The Customer understands that the Company will respond to reasonable requests to perform necessary maintenance of the on-farm modifications.

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 1

SHEET NO. E 116.60

SCHEDULE Ex-48.60

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

TEMPORARY NEUTRAL SEPARATION AGREEMENT**Please Read this Carefully!!**

The undersigned Customer, _____,
an adult residing at and operating a livestock farm located at the address below, agrees to temporary
installation of a neutral reconnection device(s) ("isolator(s)") by Northern States Power Company, a
Wisconsin corporation and wholly owned subsidiary of Xcel Energy Inc. (Company), for the
transformer(s) serving the property at:

R
R

Address _____

Mailing Address (if different) _____

C/T/V: _____ State: _____ Zip Code: _____

- A. Temporary Isolation is being installed to reduce the Company's off-farm contribution to below the "level of concern" as defined by the Public Service Commission of Wisconsin's (PSCW's) dockets 05-EI-106 and 05-EI-115.
- B. The isolator(s) will be removed:
- (1) When the off-farm contribution to stray voltage is less than 1.0 milliamper (voltage measurement of 0.5 volts with a 500-ohm shunt resistor paralleled in the measurement circuit), or
 - (2) Within 90 days of the installation date, unless an extension is granted by the PSCW.
- C. Upon reduction of the Company's stray voltage contribution to less than 1 mA, the customer shall have the option of leasing the isolator(s) as authorized by the PSCW. In the event the customer chooses to lease the isolator(s), the Company shall require the Customer to sign a Customer Requested Neutral Separation Agreement and a PSCW approved Hold Harmless/Indemnification Agreement and Release.

**TEMPORARY NEUTRAL SEPARATION AGREEMENT
GENERAL CONDITIONS**

In addition to the preceding terms and conditions, to which the Customer agrees and accepts, the Customer further understands and agrees to the following:

1. The customer must be the property owner or have the permission of the property owner.
2. That the term **stray voltage**, as used in this document, is a 60 Hz steady state AC RMS voltage which can be measured at animal contact locations with a 500 ohm shunt resistor paralleled in the measurement circuit.

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 1

SHEET NO. E 116.62

SCHEDULE Ex-48.62

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

CUSTOMER REQUESTED NEUTRAL SEPARATION AGREEMENT**Please Read this Carefully!!**

The undersigned Customer, _____, an adult residing at and operating a livestock farm located at the address below, request(s) that Northern States Power Company, a Wisconsin corporation and wholly owned subsidiary of Xcel Energy Inc. (Company) separate the primary and secondary neutrals and install a reconnection device(s) ("isolator(s)") at each transformer providing electric service to the property at: R

Address _____

Mailing Address (if different) _____

C/T/V: _____ State: _____ Zip Code: _____

- A. The Customer has requested separation of the primary and secondary neutral conductors on the electrical service(s) to his/her farm.
- B. The Customer has completed and submitted the Isolation Request form required and approved by the Public Service Commission of Wisconsin (PSCW) and a satisfactory farm wiring inspection report which has been issued by a state certified commercial electrical inspector or a state certified master electrician.
- C. The Customer understands and acknowledges that the result of a **stray voltage** investigation completed in accordance with PSCW required and approved practices, has indicated that separation of the primary and secondary neutral conductors is not necessary or required.
- D. An isolator(s) will be installed by the Company following receipt of all costs associated with the installation of the device(s) (excluding the material cost of the isolator), in the amount of \$_____.
- E. The Customer agrees to lease the isolator(s) and finance annual testing of the isolator(s) at a monthly rate of \$_____, as approved by the PSCW and in accordance with the terms and conditions set forth in this agreement.
- F. The isolator(s) will be removed and the lease agreement will terminate:
 - (1) Upon written request of the Customer.
 - (2) Upon failure of the Customer to pay the agreed upon monthly lease charge.
 - (3) If the Customer interferes, in any way, with the isolator(s) or any other Company facility located on Customer's property.

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 1

SHEET NO. E 116.70

SCHEDULE Ex-48.70

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

HOLD HARMLESS/INDEMNIFICATION AGREEMENT AND RELEASE**PLEASE READ THIS CAREFULLY!!**

AT OUR REQUEST, a neutral reconnection device ("isolator") is being installed between the Northern States Power Company, a Wisconsin corporation and wholly owned subsidiary R of Xcel Energy Inc. ("Company") primary distribution system neutral conductor and the neutral R conductor of our secondary electrical service, at our property located at

Our request is made without relying upon any representations made by the Company or its representatives.

We, for ourselves and all other persons or organizations affiliated with us, agree that the Company is immune from civil liability for any injury we may sustain that is related to the installation and/or operation of the isolator(s). We also agree to hold the Company harmless from civil liability for any injury that anyone else claims is related to the installation and/or operation of the isolator(s).

We have read and understand the terms of this Hold Harmless/Indemnification Agreement and Release. We enter into it voluntarily on behalf of ourselves and all persons and organizations affiliated with us. We understand that the terms of this document are contractual.

Signed this _____ day of _____, 20____, at _____ Wisconsin. R

PLEASE READ THIS CAREFULLY BEFORE SIGNING!!

In the presence of

(Requesting Customer)_____
(Requesting Customer)

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 1

SHEET NO. E 117

SCHEDULE Ex-49

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

RULES AND REGULATIONS**DEFERRED PAYMENT AGREEMENT**

In consideration for the continuance of electric and/or gas service at _____

the undersigned agrees to pay the Northern States Power Company, a Wisconsin corporation and wholly owned subsidiary of Xcel Energy Inc. (Company), the past due amount of \$ _____ in the following manner: **R**

\$ _____ payable _____ and the balance in _____ installments of

\$ _____ each, **WITHOUT INTEREST.**

Installment payments described above are due and payable together with the amount of the monthly billing for current service by the due date shown on such bill. Failure to pay for current service, installment payments, or both, by the due date shall constitute default and shall render this agreement null and void, whereupon service may be disconnected. . R

Payments made in compliance with the terms of this agreement shall be first considered made in payment of the previous account balance with any remainder credited to the current bill.

“IF YOU ARE NOT SATISFIED WITH THIS AGREEMENT, DO NOT SIGN. YOU HAVE THE RIGHT TO MAKE A COUNTER OFFER AND, IF IT IS REJECTED, YOU HAVE THE RIGHT TO APPEAL THIS PROPOSED AGREEMENT TO THE PUBLIC SERVICE COMMISSION OF WISCONSIN, DURING WHICH TIME THE UTILITY MAY NOT DISCONNECT YOUR SERVICE. THIS DOES NOT RELIEVE YOU FROM THE OBLIGATION TO PAY BILLS THAT ARE INCURRED AFTER COMMENCEMENT OF DISPUTE PROCEDURES. IF YOU DO SIGN THIS AGREEMENT YOU GIVE UP YOUR RIGHT TO DISPUTE THE AMOUNT DUE UNDER THE AGREEMENT EXCEPT FOR THE UTILITY’S FAILURE OR REFUSAL TO FOLLOW THE TERMS OF THIS AGREEMENT.”

Signed this _____ day of _____, 20____.

R_____
WITNESS

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 1

SHEET NO. E 122

SCHEDULE Ex-54

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

RULES AND REGULATIONS

Failure to Make Service Modifications

NOTICE OF DISCONNECTION OF SERVICE

The _____ service at _____
in the _____ of _____ will be discontinued
on _____ unless service modifications are made
in conformance with Administrative Rule PSC 113.0301 (Electric)
and 134.062 (Gas) of the Public Service Commission of Wisconsin.

R

The modification required is:

You should call NSP at _____ for additional
information, if any resident is seriously ill or if there are
other extenuating circumstances.

In the event that any resident is seriously ill, service may
be continued for up to 21 days if you submit a physician's
statement or notice from a public health or social service
official which identifies the medical emergency and specifies
the period of time during which disconnection will aggravate
the circumstances.

In the event that the reason for disconnection remains in
dispute after consultation with Company representatives, you
may appeal to the Public Service Commission.

ISSUED:**EFFECTIVE:** For service rendered on and after January XX, 2008**PSCW AUTHORIZATION:** Order in Docket No. 4220-UR-115 dated

NSP**NORTHERN STATES**

REVISION: 1

SHEET NO. E 123

POWER COMPANY

SCHEDULE Ex-55

WISCONSIN

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

RULES AND REGULATIONS**NSP****DISCONNECTION NOTICE TO OCCUPANTS**

DATE _____

To all occupants at _____,
 notice is hereby given of pending disconnection of _____
 and/or _____ utility service for nonpayment of utility bill (s)
 by:

Unless the total amount past due is paid, and Installment Payment Agreement is negotiated, or other suitable arrangements are made by 12 Noon _____, Northern States Power Company will be forced to disconnect the _____ and/or _____ utility service(s).

YOU, AS A TENANT, ARE NOT RESPONSIBLE FOR PAYMENT TO NORTHERN STATES POWER COMPANY. HOWEVER, IF FEASIBLE YOU MAY ACCEPT THE RESPONSIBILITY FOR FUTURE BILLS IN ORDER TO AVOID DISCONNECTION. REFUSAL OR ACCEPTANCE OF YOUR APPLICATION WILL BE BASED UPON COMPANY RULES AND REGULATIONS.

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 N

You should call NSP at _____ for additional information, if any resident is seriously ill or if there are other extenuating circumstances.

In the event that any resident is seriously ill, service may be continued for up to 21 days if you submit a physician's statement or notice from a public health or social service official which identifies the medical emergency and specifies the period of time during which disconnection will aggravate the circumstances.

In the event that the reason for disconnection remains in dispute after consultation with the Company representatives, you may appeal to the Public Service Commission.

If you have any questions, please contact your building manager or _____.

NORTHERN STATES POWER COMPANY
 a Wisconsin corporation and wholly owned subsidiary of Xcel Energy Inc.

R

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated _____

NSP**NORTHERN STATES
POWER COMPANY
WISCONSIN**

REVISION: 1

SHEET NO. E 124

SCHEDULE Ex-56

WISCONSIN ELECTRIC RATE BOOK

VOLUME NO. 7

AMENDMENT NO. XXX

RULES AND REGULATIONS**NSP****DISCONNECTION NOTICE TO OCCUPANTS**

(Default of Installment Payment Agreement)

Date _____

To all occupants at _____,
notice is hereby given of pending disconnection of _____
and/or _____ utility service for nonpayment of utility bill(s)
by:

The _____ and/or _____ utility service
will be disconnected on or after _____ for default on an
installment payment agreement, unless payment is received before the discon-
nection date. The acts which constitute default under this agreement are:

1. Failure to pay the agreed installment on arrears.
2. Failure to pay for current service by due date.

YOU, AS A TENANT, ARE NOT RESPONSIBLE FOR PAYMENT TO NORTHERN STATES
POWER COMPANY. HOWEVER, IF FEASIBLE YOU MAY ACCEPT THE RESPONSIBILITY
FOR FUTURE BILLS IN ORDER TO AVOID DISCONNECTION. REFUSAL OR ACCEPTANCE
OF YOUR APPLICATION WILL BE BASED UPON COMPANY RULES AND REGULATIONS.

N
N
N

You should call NSP at _____ if you dispute the basis for
disconnection, if any resident is seriously ill, or if there are other
extenuating circumstances.

In the event that any resident is seriously ill, service may be continued
for up to 21 days if you submit a physician's statement or notice from a
public health or social service official which identifies the medical
emergency and specifies the period of time during which disconnection will
aggravate the circumstances.

In the event that the reason or amount of any disagreement remains in
dispute after the above remedies have been pursued, you may appeal to the
Public Service Commission.

If you have any questions, please contact your building manager or
_____.

NORTHERN STATES POWER COMPANY
a Wisconsin corporation and wholly owned subsidiary of Xcel Energy Inc.

R

ISSUED:

EFFECTIVE: For service rendered on and after January XX, 2008

PSCW AUTHORIZATION: Order in Docket No. 4220-UR-115 dated

Northern States Power Company - Wisconsin
Summary of Present and Authorized Natural Gas Revenues

	Therms	Present Distribution Revenue	Authorized Distribution Revenue	Gas Supply Revenue	Change in Revenue	% Change Distribution Revenue	% Change Distrib. Rev. + Gas Sup. Rev.
Rg-1 Residential Service	61,103,168	\$ 20,019,284	\$ 23,487,264	\$ 55,302,084	\$ 3,467,980	17.3%	4.6%
Gg-1 General Service	54,548,569	\$ 9,744,212	\$ 11,332,194	\$ 48,502,067	\$ 1,587,982	16.3%	2.7%
Lg-1 Large General Service	758,433	\$ 81,063	\$ 92,667	\$ 630,713	\$ 11,604	14.3%	1.6%
Ig-1 Interruptible -- Group 1	11,233,873	\$ 1,369,269	\$ 1,561,368	\$ 9,050,008	\$ 192,099	14.0%	1.8%
Ig-1 Interruptible -- Group 2	5,575,396	\$ 414,276	\$ 472,812	\$ 2,439,241	\$ 58,536	14.1%	2.1%
Ig-1 Interruptible -- Group 3	13,563,308	\$ 812,174	\$ 923,519	\$ 7,431,741	\$ 111,345	13.7%	1.4%
Ig-1 Interruptible -- Group 4	13,444,487	\$ 627,585	\$ 695,335	\$ 2,860,516	\$ 67,750	10.8%	1.9%
Ig-1 Interruptible -- Group 5	13,052,775	\$ 465,589	\$ 512,579	\$ 9,860	\$ 46,990	10.1%	9.9%
Special Contract Customers	16,948,041	\$ 282,370	\$ 282,370				
		<u>\$ 39,360,108</u>			<u>\$ 5,544,286</u>		
Act 141 costs paid by large customers in 2005		\$ 39,331	\$ 39,331	\$	\$ 39,331		
Act 141 costs included in large customer distribution charges			\$ (321,211)	\$	\$ (321,211)		
Total	190,228,050	\$ 33,815,822	\$ 39,078,228	\$ 126,226,230	\$ 5,262,406	15.6%	3.3%

**Northern States Power Company - Wisconsin
Present and Authorized Natural Gas Rates**

	Present Rates	Authorized Rates
Rg-1 Residential Service		
Customer Charge per month	\$ 7.60	\$ 10.25
Distribution Charge per therm	\$ 0.1707	\$ 0.1769
Supply Acquisition Charge per therm	\$ 0.0280	\$ 0.0336
Gg-1 General Service		
Customer Charge per month	\$ 15.00	\$ 20.00
Customer Charge per month	\$ 3.00	\$ 4.00
Distribution Charge per therm	\$ 0.1197	\$ 0.1304
Supply Acquisition Charge per therm	\$ 0.0250	\$ 0.0321
Lg-1 Large General Service		
Customer Charge per month	\$ 100.00	\$ 100.00
Distribution Charge per therm	\$ 0.0878	\$ 0.0950
Supply Acquisition Charge per therm	\$ 0.0175	\$ 0.0256
Ig-1 Interruptible Service - Group 1		
Customer Charge per month	\$ 100.00	\$ 100.00
Distribution Charge per therm	\$ 0.0790	\$ 0.0880
Supply Acquisition Charge per therm	\$ 0.0175	\$ 0.0256
Ig-1 Interruptible Service - Group 2		
Customer Charge per month	\$ 200.00	\$ 200.00
Distribution Charge per therm	\$ 0.0549	\$ 0.0610
Supply Acquisition Charge per therm	\$ 0.0175	\$ 0.0256
Ig-1 Interruptible Service - Group 3		
Customer Charge per month	\$ 350.00	\$ 350.00
Distribution Charge per therm	\$ 0.0432	\$ 0.0459
Supply Acquisition Charge per therm	\$ 0.0175	\$ 0.0256
Ig-1 Interruptible Service - Group 4		
Customer Charge per month	\$ 500.00	\$ 500.00
Distribution Charge per therm	\$ 0.0388	\$ 0.0417
Supply Acquisition Charge per therm	\$ 0.0175	\$ 0.0256

**Northern States Power Company - Wisconsin
Present and Authorized Natural Gas Rates**

	Present Rates	Authorized Rates
Ig-1 Interruptible Service - Group 5		
Customer Charge per month	\$ 625.00	\$ 625.00
Distribution Charge per therm	\$ 0.0352	\$ 0.0375
Supply Acquisition Charge per therm	\$ 0.0175	\$ 0.0256
 Act 141 Costs included in Distribution Charges:		
Commercial Classes, per therm		\$ 0.0112
 Gas Cost Supply Components:		
Peak Day Component (Winter) per therm		\$ 0.1149
Supply Reservation Component per therm		\$ 0.0080
Commodity Component per therm		\$ 0.7976
Contracted Firm Demand Cost per decatherm per month		\$ 6.847

**Northern States Power Company - Wisconsin
Monitored Fuel Costs for 2008**

	<u>\$</u>	<u>kWh</u>	<u>\$ / kWh</u>	<u>Cumulative \$ / kWh</u>
January	\$ 100,588,392	4,044,497,300	\$ 0.02487	\$ 0.02487
Februray	\$ 103,783,328	3,708,354,800	\$ 0.02799	\$ 0.02636
March	\$ 97,453,502	4,096,443,400	\$ 0.02379	\$ 0.02547
April	\$ 67,871,557	3,580,218,100	\$ 0.01896	\$ 0.02396
May	\$ 79,050,517	3,792,727,700	\$ 0.02084	\$ 0.02335
June	\$ 106,154,872	4,245,379,000	\$ 0.02500	\$ 0.02365
July	\$ 135,030,413	4,683,654,700	\$ 0.02883	\$ 0.02451
August	\$ 121,008,144	4,509,285,200	\$ 0.02684	\$ 0.02483
September	\$ 89,038,134	3,846,081,300	\$ 0.02315	\$ 0.02465
October	\$ 99,344,534	3,917,530,700	\$ 0.02536	\$ 0.02472
November	\$ 87,981,630	3,749,100,400	\$ 0.02347	\$ 0.02461
December	<u>\$ 102,103,055</u>	<u>4,123,407,900</u>	<u>\$ 0.02476</u>	<u>\$ 0.02463</u>
Totals	<u>\$ 1,189,408,078</u>	<u>48,296,680,500</u>	<u>\$ 0.02463</u>	